

RICE UNIVERSITY

**From Seed to Smoke:  
The Re-Making of the Tobacco Market in Turkey**

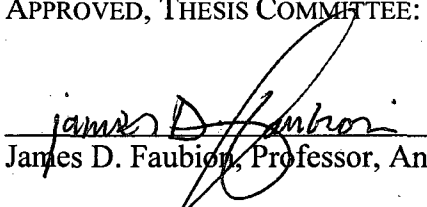
by


**Ebru Kayaalp**

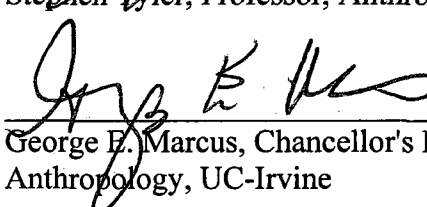
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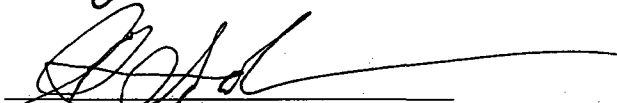
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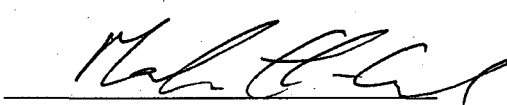
APPROVED, THESIS COMMITTEE:

  
James D. Faubion, Professor, Anthropology

  
Stephen Tyler, Professor, Anthropology

  
George E. Marcus, Chancellor's Professor,  
Anthropology, UC-Irvine

  
Christopher Kelty, Associate Professor,  
Information Studies, UCLA

  
Mahmoud A. El-Gamal, Professor,  
Department Chair, Economics

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## ABSTRACT

### From Seed to Smoke: The Re-Making of the Tobacco Market in Turkey

by

Ebru Kayaalp

The dissertation utilizes an ethnographic investigation to understand how globally standardized economic ideas, policies and institutions are put into practice in developing countries. How are institutions, laws, policies and standards being transferred from the West to developing countries? And how do they reconstruct and regulate markets? Which actors, other than states, are involved in this process, and how do they relate to each other?

In an attempt to answer the foregoing questions, the dissertation examines the re-making process of the tobacco market in Turkey. Its starting point is the February 2001 Turkish financial crisis, a benchmark event, after which a series of sweeping reforms were implemented to fix the collapsed economy. The tobacco law was one of the reforms designed to bring the tobacco market in line with the standards of the Western capitalist market.

Following the circulation of tobacco from fields to cigarette factories, the dissertation explores how legal policies, market procedures and technical issues have transformed the tobacco market in Turkey. Decision-making processes of experts and the impacts of their decisions constitute the basic focus of this investigation. The study

examines three different kinds of experts, namely global policymakers, technocrats and tobacco experts, and explores the ways in which these experts establish standardized institutions, market devices and technical guidelines. The methods and theories of anthropology, political economy, as well as science and technology studies are drawn on to scrutinize economic liberalization policies in developing countries that have adopted standardized guidelines of Western countries and institutions.



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## Introduction

### *Rumor*

It was the first week of my work at the Tobacco Experts Association. I was spending all my time in the office, doing some archival research, working on the tobacco experts' grant proposal for the European Union, and chatting with people who were visiting the small apartment in the center of Izmir. I was being extremely careful about everything. Having sat at the desk reserved for me, I spent a lot of time trying to find out "the right time" to ask questions, to interrupt experts' conversations, and even to have another cup of tea. This overly controlled life was annoying. I was not happy about myself. Though I knew that this was a temporary situation that would only last until the experts started trusting me, it was quite exhausting to be self-conscious all the time. I was wondering whether this awkward and paranoid state was solely the result of my anxiety at being "in the field," or whether it was a reflection on the interlocutors' subtle doubts about me. In any case, I knew that something was coming.

One morning, my boss (though I was not paid, I called him my boss) Ibrahim Bey,<sup>1</sup> who helped me get this position at the Association, came into the office and closed

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<sup>1</sup> This is a pseudonym. Although most of my informants (except the ones working at multinational companies) have no problem for revealing their real identities, in the

the door behind him in a serious manner. I had learned by experience that when the door was closed, the experts would talk about politics, and in the first days, I was always left out. But this time, the door was closed for me.

In his quick and straightforward way, Ibrahim Bey spit the words out:

IB: I know it is not true. But there is a rumor among the experts that you might have been sent by the CIA.

I had prepared myself for everything but not for this.

EK: Me? A CIA agent?

I could not help laughing. It was too sudden, too unexpected and too ridiculous.

EK: And I was sent for what? To check the tobacco quality of Turkey? To secretly smuggle tobacco leaves to the U.S.? To provide them with information about the cultivation of Oriental tobacco?

I thought it was a joke. But it was not. Ibrahim Bey, though having assured me that he did not believe the rumors, was not smiling.

In retrospect, I think that there was nothing that I could have done in this awkward situation. How to convince your informants that you are not a secret agent, but an ordinary anthropology graduate student, is not written anywhere. In these cases, there are neither guidelines nor smart answers but just your intuition. As one might expect, I just panicked and started rambling. Leaving behind my distant and controlled attitude, I told him, running out of breath that, *just like them*, I was also against the IMF, the World Bank, Virginia tobacco, neo-liberal laws, requirements imposed by the EU in a top-down manner, contract farming, privatization, multinational tobacco companies, and so on and

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dissertation, I have usually used pseudonyms to prevent an inadvertent harm to their reputations.



so forth. This confession would utterly upset me three minutes later. My regret was not because I was attempting to play the neutral anthropologist. Nor was it because I was lying. It was because experts' reasons for being against these policies and institutions basically related to their attachment to nationalist ideologies. From now on, I would always have to circumvent the questions about my opinions on Turkish nationalism, and situate my explanations under the comforting cover of "obvious reasons." This confession, however, would break the ice between the experts and me, and made us counterparts looking at the same object, tobacco, though for different reasons.

After the shock of the event, two things occurred to me. How was it possible that the experts believed that Oriental tobacco had tremendous significance all over the world such that the U.S. would send CIA agents to get information about it? Did they honestly think that everybody's eyes were on Turkish tobacco? What was so special about tobacco that it led the experts to fabricate conspiracy theories about it? I remember myself on the brink of saying "who the hell cares about damn Turkish tobacco?" which would, in fact, be a very ironic answer, given that it was me, who cared a lot obviously, as a graduate student planning to write a thesis on it. This first encounter with the eccentric tobacco world would assure me that there was something more about tobacco than it being a simple crop. I felt that I was on the right track and decided to enter the tobacco world with the experts.

The second thought that struck me after the event was the idea of rumor. When Ibrahim Bey expressed his concerns, he based them on "rumors" about me. I realized that rumors, speculations, and gossip have significant constitutive powers. My life at the

Association might simply have ended with a rumor. From then on, I started to take them seriously, which would change the direction of my thesis irreversibly. In spite of our tendency to ignore rumors, gossip, and speculations as informal facts, fictive ideas, and unproven chats, I realized that they have the ability to create a very formal and real world. I would see in the fieldwork that the worlds of even the most seemingly objective realms, such as the law and the market, are constituted by rumors.

By developing several arguments within the framework of rumors, speculations and gossip, this dissertation radically diverges from several studies that seek to provide objective data about the subject matter. The reader who is looking for a conventional analysis of Turkish tobacco production and exchange in this study will be disappointed. Though I have gone through a learning process of the fundamentals of the tobacco sector, such as export and import figures, laws and regulations, history of institutions, agricultural engineering as well as tobacco farming, none of these issues alone will be significant in the study. I have taken tobacco production and exchange very seriously, and studied tobacco as a crop technically, but all the knowledge I have gathered remains significant as long as it helps me uncover the arrangements surrounding tobacco as a crop. In other words, tobacco is my subject as well as a methodological tool to analyze the legal and economic assemblages that recently emerged in Turkey.

Following the circulation of tobacco from fields to cigarette factories, the dissertation explores how legal policies, market procedures and technical issues have transformed the tobacco market in Turkey. Although the duration of the production of an agricultural crop might have shortened, the number of actors involved in this process has

gradually increased in neoliberal times. Not the time, but the line between production and consumption is getting longer and more complicated. Different actors, new institutional mechanisms, and diverse processes are required for a given thing to be a commodity. I seek to shed light on the connections between these actors and reveal the hidden networks within the emerging assemblages.

The dissertation is about law, markets and standards. In spite of the initial impression that it would cover wide-ranging issues under one title, it does not seek to give a full and detailed picture of each realm. Rather, it is an attempt to reveal the “stitches” connecting these three realms in a process through which a crop becomes a commodity. All three sections have the same common theme: experts. The decision-making processes of experts and the impacts of their decisions constitute the basic focus of the dissertation. Moving from a macro to a micro picture, I look into three different kinds of experts, namely global policymakers, technocrats and tobacco experts, and how these experts establish “standardized” policies and institutions, market devices and technical guidelines according to the principles of the western capitalist economy. My goal is to show the ways in which the new standards brought in the tobacco sector are all linked to each other, though they are all guided by different expertise. The recent reforms undertaken in the areas of law, market and technical matters have been restructuring the tobacco market irreversibly. And this dissertation is an attempt to analyze the re-making process of the tobacco market from seed to smoke.

I have chosen to study tobacco, not only because Turkey ranks as the seventh largest tobacco producing country in the world, but also this crop has always been

significant in Turkish agriculture since the Ottoman Empire. Moreover, tobacco has recently become the basis of controversial economic and political debates in Turkey, such as the implementation of the new tobacco law enacted in response to demands from the World Bank and the IMF, the establishment of the tobacco regulatory board, and the privatization of the state-run tobacco monopoly.

The dissertation is an attempt to understand how globally standardized economic ideas, policies and institutions are put into practice in developing countries. How are global economic reforms being recognized and transformed into policies? How do they reconstruct and regulate markets in the received countries? Which actors are involved in this process, and how do they relate to each other? I seek to answer these questions through an ethnographic investigation of the tobacco market in Turkey, which has been going through sweeping economic liberalization policies.

### *The visible hands*

The dissertation aims to make the invisible hands of the tobacco market visible. Yet, a brief introduction to the tobacco sector in Turkey is required to understand the relations among different actors. In this section, the visible hands will be revealed.

During the 1960s and 1970s, Turkey followed a path of planned economic development that could be described as ‘statist’, ‘protectionist’ and ‘inward-looking’, as did most other developing countries. In the aftermath of a wave of crises that started with the Mexican debt crisis of 1982 and hit many other developing countries as well, such inward-looking policies became subject to heavy criticism especially by the World Bank

and the IMF. Under the pressure of these criticisms, the Turkish government put a major stabilization program into operation, which received strong external support from the international financial institutions. However, the programs aimed to reduce government regulation by increasing the involvement of market forces could not prevent the several financial turmoils that the country experienced during the 1990s. The severest financial turmoil to date in Turkish history, the February 2001 crisis, is the starting point of my research as it has opened a new wave of far-reaching economic restructuring.

Financial crisis brings in new formulas for countries. The crisis in Turkey has legitimized the implementation of far-flung neoliberal policies that aim to fix the collapsed economy. To receive the necessary loans from the Fund and the Bank, the government enacted 15 laws in 15 days. And the tobacco law was one of them.

In line with commitments made to the IMF and the World Bank, on January 3, 2002, the Turkish Parliament ratified the Tobacco Reform Law to deregulate the tobacco industry. The proposed law replaced the price support system with one based on contract farming. It mandated a gradual privatization of the state monopoly over tobacco, and also permitted multinational tobacco companies to import tobacco and determine the price for their cigarettes. And lastly, it established a tobacco regulatory board as a single authoritative agent to control the quantity and the quality of tobacco.

New actors (technocrats), new policies (contract farming) and new institutions (regulatory agency) were introduced to rearrange the tobacco sector. The economic restructuring has created and empowered some actors while marginalizing some others. The basic actors of this story are the tobacco monopoly (TEKEL), the tobacco regulatory

agency (TAPDK), tobacco leaf companies, multinational cigarette manufacturers, tobacco experts, policymakers, farmers and tobacco.

Turkey is the world's largest producer of Oriental tobacco, which is a key tobacco kind used in the American blend cigarettes. Overall, Turkey is the world's seventh largest producer of tobacco, accounting for around 2 percent of global supply (DPT 2006, 64). An estimated 280,000 farmers grew tobacco in Turkey in 2004 (*ibid.*, 12). It is pertinent to note there is a 49 percent decline in the number of cultivators from 1999 to 2004. One of the basic reasons for this drastic drop is the introduction of contract farming in 2002 that would restructure the tobacco sector (I will discuss contract farming as a market device in Chapter Four).

As well as tobacco production, tobacco consumption is very high in the country. The historical expression "smokes like a Turk" still holds its validity, as the country has become one of the largest consumers of cigarettes. While world cigarette consumption declined by 4 percent between 1990 and 1999, it rose by 52 percent in Turkey (Onder 2002, 1).

Before the 1970s, Oriental blend cigarettes of the tobacco monopoly (TEKEL) were the only brands in the market. TEKEL was the single institution holding the right to manufacture and sell tobacco products. However, Turkish smokers were already exposed to American blend cigarettes<sup>2</sup> that were constantly smuggled to the country. In order to prevent the black market, TEKEL agreed to import foreign brand cigarettes. The sales of

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<sup>2</sup> The basic components of American blend cigarettes are Virginia and Burley tobacco. The proportion of Oriental tobacco in the blends does not exceed 10-12 percent.

American brand cigarettes turned out to be very high going beyond the expectations; i.e. the amount of imported cigarettes rose 477 percent between 1984 and 1987 (Koc 1991, 160). In 1986, the Turkish government converted TEKEL into a state economic enterprise by abolishing the state monopoly on cigarette production.<sup>3</sup> It opened the tobacco market to foreign cigarette manufacturers as part of its effort to follow economic liberalization policies but the precondition for these companies was to make joint investment with TEKEL. Finally, in 1991, cigarette multinationals were fully granted the right to market, price and distribute their own brands. One of the immediate effects of this new regulation was the establishment of Philsa in 1991, a joint venture of Philip Morris (75 percent) with one of the largest holding companies in Turkey, Sabancı Holding (25 percent). R.J. Reynolds, which would later be bought by Japanese Tobacco International (JTI), followed Philip Morris and established its factory in 1993. British American Tobacco (BAT), European Tobacco and Imperial Tobacco also made investments in Turkey in the following years.

In addition to cigarette manufacturers, the tobacco commodity chain also involves leaf-processing companies that purchase tobacco from farmers to sell to cigarette companies. These companies turn the raw leaf into processed tobacco for cigarette manufacturing. With the decline in the number of the local leaf-processing companies over the years, the international leaf companies (Alliance One and Sokotab) have dominated the tobacco sector. These companies, along with TEKEL, export processed tobacco to foreign companies and also supply the demand of cigarette manufacturers in

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<sup>3</sup> Today TEKEL is still known as the tobacco monopoly because of its leading role in the sector. I will keep using the word monopoly to refer to TEKEL by following my informants.

Turkey.

The market share of Virginia tobacco that is used in American cigarettes has been rapidly growing with a concomitant decline in the demand for Oriental tobacco. With the invasion of American blend cigarettes, TEKEL, which used to be Turkey's top manufacturer and employer both in leaf processing and cigarette manufacturing with its status of being the fifth largest producer of cigarettes in the world during the 1990s, dramatically lost its dominance in the tobacco market. In 2002 when the tobacco law was enacted, TEKEL's regulatory role was delegated to the newly established tobacco regulatory agency (TAPDK), and the monopoly was privatized in 2008. The new regulatory agency has taken the full authority to control and regulate the sector as an autonomous and independent body. The tobacco agency, along with its counterparts in banking and energy sectors, not only has opened the way for the full liberalization of the market but also signified a radical transformation in the institutional structure where technocrats have taken over the authority of politicians to make decisions.

### *Following a commodity*

From the first day of this research, I have stuck to the idea of studying a commodity. This starting point has made my life in the field (ethnography) and at the desk (writing) easier. There are several different ways to approach this sort of study, but the literature I employ here takes the commodity as its object of analysis. This perspective has enabled me not only to bypass the questions and problems of



representations of people, which I will discuss below, but also to go beyond the distinctions made between humans and non-humans in social sciences.

Since the foundational studies of Mauss (2000) and Malinowski (1932), anthropologists have recognized the significance of exchange and circulation of things. Commodity analysis has become a means to understand the connections and contrasts among multiple research sites (Hansen 2000; Haugerud, Little and Stone 2000). Mintz's study (1986) on sugar is an excellent example that the analysis of particular commodities in circulation can reveal scarcely visible social, political and economic relations.

Following a thing, which "involves tracing circulation through different contexts," is "perhaps the most common approach to the ethnographic study of processes in the capitalist world system" (Marcus 1998, 91). This mode, studying the circulation of things, is one of the techniques of multi-sited ethnography. Yet, as Marcus suggests, there are only a small number of truly multi-sited ethnographies examining the contemporary capitalist political economy through a thing-oriented perspective. This dissertation, focusing on a particular commodity to map out the connections among multiple research sites, aims to fill this gap.

Overall, it is possible to talk about three main accounts that take commodities as their unit of analysis in social sciences: 1) Commodity Chain Analysis introduced and developed by Immanuel Wallerstein, 2) The Regimes of Value approach adopted by Arjun Appadurai, 3) Things as Actants account employed by Actor-Network theoreticians. These three approaches situate commodities/things in the center of their

analyses but the difference among these literatures becomes obvious when it comes to how they approach commodities/things.

Within the world system theory, Hopkins and Wallerstein (1986) introduce the commodity chain analysis to analyze the processes between micro and macro levels. This approach is further developed by Gereffi and Korzeniewicz (1994) who bring in the concept of the global commodity chain and discuss the concept through specific case studies with a particular focus on industrial products. Also several works in agrarian studies (Barndt 2002; Bonanno 1994; Collins 2000; Dolan and Humphrey 2000; Friedland, 2004; Pritchard and Burch 2003; Talbot 2004) utilize the commodity chain approach and discuss circulation of agricultural crops in a globalized world. Although these works introduce a new methodological tool about how to study connections between micro and macro structures through tracking down the circulation of commodities, they have several shortcomings. One of the most fundamental criticisms is that the principal interzonal movements along the commodity chains are described in the direction from periphery to core. Although these studies acknowledge the complexity of the world economy, their analysis rests upon the idea of this dichotomy between core and periphery, metropolis and satellite. States situated in the core have a competitive power over peripheral areas. The changes in the circulation of the commodity chains are explained by the cyclical rhythms of the world economy, again as the outcome of the hierarchical relationship between core and periphery countries. Furthermore, the picture drawn in commodity chain analysis is oversimplified, and falls apart when representing the realities of life. In spite of its strong emphasis on process and circulation, this

perspective does not consider the daily life practices of actors. The absence of ethnographical research paves the way to a fixed and deterministic representation.

By introducing the concept of “regimes of value,” Arjun Appadurai (1986) brings in a fresh perspective into commodity studies. First, Appadurai shows that the value attached to certain commodities reflect power relations; local producers and consumers “are intimately tied to larger regimes of value defined by large-scale politics” (ibid., 30). Second, Appadurai’s schema highlights the importance of larger -often- hidden knowledge relations that characterize commodities. Third, he treats objects as living beings, having “social lives.” The key claim here is not simply that things are “social,” but they have lives. It is only through the analysis of “lives” of things that the social context can be illuminated. What is equally important in Appadurai’s analysis is his argument that things-in-motion have different “paths and diversions.” Every society determines paths for the production, exchange and circulation of objects and “determinations are made about what objects may be exchanged for what, by whom, when, and under what conditions” (Ferguson 1988, 493). The commodity status of an object within a given context is always socially determined, which means that the value of a commodity changes according to different contexts.

Appadurai’s insight on “regimes of value” is similar to Nicholas Thomas’s (1991) ideas on “contexts.” Thomas emphasizes the movement of things into and out of different categories and its relationships to persons. The movement of objects through contexts, which he calls “recontextualizations,” lies at the complex intersection of temporal, cultural, and social factors. Similarly, for Weiner (1992), Myers (2001) and Miller (2005)

the movement of commodities is essential. All these studies, placing the commodities and their circulation at the center of their analyses, examine their “regimes of value” in different contexts.

Appadurai’s concept of “regimes of value” and more likely Thomas’s “recontextualization” are reminiscent of Michel Callon’s idea of “disentanglement” (1998a). According to Callon, the prominent Actor-Network Theory scholar, in order to be a commodity, a thing must be decontextualized, dissociated and detached. In this sense, Callon goes one step further than Appadurai and Thomas by elaborating the conditions for a thing to be a commodity in a market. He argues that the market transaction becomes possible through disconnection from networks of relations and other entities: that is a process, which ends up with the creation of a space of calculability.

Although Appadurai’s argument that “from a *theoretical* point of view human actors encode things with significance, from a *methodological* point of view it is the things-in-motion that illuminate their human and social context” (italics are original, 1986, 5) pays the necessary attention to the things, it at the same time implies a distinction between things and human beings. It situates the things at the center of analysis without bestowing agency on them. In the last analysis, it is still human beings who have transformative power over the social. The Actor-Network Theory (ANT) (Callon 1994; Latour 2005; Law 2004), on the other hand, grants agency to non-humans. Not only do humans but also non-humans, such as machines, things, bacteria, etc, have agencies. The actants, as Latour calls them, have their transformative power. Callon and Caliskan (forthcoming) argue that these studies demonstrate that “agency as a capacity to

act and give meaning to action can neither be contained in a human being nor localized in institutions, norms, values, and discursive-symbolic systems.” In a similar vein, the dissertation, along with human subjects, considers tobacco as one of the main actors of the study; a crop that has its own agency and its own transformative power.

It is pertinent to note here that my study diverges from the ANT perspective in a certain way, in spite of its vast influence.<sup>4</sup> I have utilized the ANT perspective more like a methodology, a tool, which enables me to see the invisible/hidden connections in multiple sites. As tobacco has circulated, I have followed it in different sites, institutions, markets and tobacco fields. The path followed by tobacco has drawn a picture of an assemblage constituted of both humans (policymakers, experts, bureaucrats, farmers, merchants) and non-humans (machines, technical reports, diseases, cigarettes). ANT has helped me a lot in imagining and mapping out the field. Besides the methodological perspective, I have also substantially employed Callon’s theoretical approach on framing of markets (1998a, 1998b) in explaining the tobacco exchange in Turkey. Moreover, inspired by ANT, almost all the chapters here concentrate on the idea of documenting knowledge making processes. The goal is to open the “black boxes” of law, markets and standards.

Seeing inside of the “black box”, however, does not provide the full picture. In other words, what we see in the black box must be connected with its outside, which can be called as the “constitutive outside of the black box.” In that sense, what Levi and Valverde (2008) argue about ANT reflects my thoughts as well:

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<sup>4</sup> Even for Latour, concepts such as “actor” and “network” are tools, rather than parts of a general ‘theory’ (Law and Hassard 1999).

The aim of the [ANT] analysis is not to uncover hidden power relations, nor is it to discover the underlying logic of the field. Rather, the goal is to document which of the indefinite number of potential actants did in fact act—that is, did or did not successfully contribute to shaping the network under study by recruiting or borrowing or riding on the coattails of other actors.

Reincorporating the question of power to ANT's framework, however, is not a difficult task (thanks to ANT's methodological usefulness) and has been done in several studies.

For example, Mitchell's *Rule of Experts* (2002), Elyachar's *Markets of Dispossession* (2005) and Roitman's *Fiscal Disobedience* (2004) combine ANT with analyses of power relations. They are excellent examples that incorporate this account with Foucauldian analyses of governmentality. In a country like Turkey, where the laws are being enacted within the commitments made to international financial institutions, my analysis inevitably seeks to emphasize power relations in the constitution of knowledge making processes. While borrowing methodological and theoretical tools from ANT to analyze the processes of knowledge creation in networks, I try to complement such an analysis with a substantive study of power relations.

### *Belatedness*

Sometimes anthropologists do not have to travel. People, things, metaphors, and conflicts we chase after find us somewhere in their itineraries. Our ways somehow overlap. And sometimes we travel to places where our subjects are located but as soon as we settle down in these cities, forests, villages, institutions and laboratories, we see them leaving. They have their own lives. Experts come and go. Markets open and close. Metaphors appear and disappear. Not being as fast, fluid and flexible as our subjects, we

try to figure out what the next step will be. We always follow them one step behind. We are belated anthropologists.<sup>5</sup>

Imagining the field is not so simple especially for anthropologists following things, metaphors, people or conflicts. It is more complicated than conducting an ethnography situated in the traditional idea of “being there.” Once I met an anthropology graduate student from an Ivy League university, who seemed very much puzzled by my project. To her, who was studying some sort of tribal dancing at the border of Nepal where she lived for a couple of years, I was making things difficult for my research. The formula was straightforward: you first travel to places where your informants live. Then you stay there long enough to understand their habits, and thereafter, you write your observations. But what if you are not merely studying people, but a fluid network of humans and non-humans? What if your subjects travel, change and, moreover, expire? What if the boundaries of your research are not limited to a community, neighborhood, religion, or ethnicity?

Actually all these “troubles” are my own choices. For me, the only way to understand the complexities of the tobacco world passes through these “troubles.” Sticking to fieldwork conducted in a tobacco town would simply lead me to an identity

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<sup>5</sup> After having written this, I came across George Marcus’s article (2003) “On the Unbearable Slowness of Being an Anthropologist Now: Notes on a Contemporary Anxiety in the Making of Ethnography.” Similarly, in Rabinow et al. (2008), *Designs for an Anthropology of Contemporary*, the writers discuss the experiences of anthropologists facing profound temporal turbulences since unconventional fieldwork is not conducted in “timeless far-away” places anymore. The question asked by Marcus, that is “How to slow things down, but not be belated” (55) has also been one of the focal concerns of my research.

dominated cultural analysis (gender issues, oppression of farmers, etc). Instead, I would like to uncover the unanticipated paths, invisible sites and hidden connections. My personal idea for good research can be summed up like this: what we study has an equal or even lesser importance than how we study it. I believe that the ways in which we study things makes our research interesting and insightful. Thus, the ethnography and the way we conceptualize our research has become a crucial issue for me. From the start, the basic concern about fieldwork has always been the issue of temporality. I have been dealing with diverse temporalities that have required a different kind of ethnography and way of writing.

When I started conducting the fieldwork, several issues that I was interested in had already been over. The severest financial crisis to date in Turkish history had occurred in 2001. The tobacco law had been enacted in 2002. A series of corruption cases in the tobacco sector had taken place between 2002 and 2005. Moreover, to understand the roots of several ideas in the present (such as nationalism), I had to do archival research about certain events that dated back to the Ottoman Empire during the late 19<sup>th</sup> century. The present, on the other hand, was no less troublesome than the past. Markets have always changed faster than its followers. Even the market controlled by the state has been in continuous transformation. Yet, I was not the only one struggling with this ever-changing amorphous structure. Policymakers have also been having the same problems in figuring out the uncertainty of markets. Because of the “temporal incongruity” (Miyazaki 2003) between the knowledge of markets and transformations taking place in markets, unconventional strategies, such as following speculations, rumors and intuition would be the ways to disclose these messy worlds. On the one hand, following a commodity has



made my life easier by enabling me to situate the fieldwork “out of time” but on the other hand, focusing on the emergent, or in other words, conducting research with temporal distinctiveness (“everything started after the February 2001 crisis in Turkey”) has made my life difficult. The reconciliation of these different tempos, and moreover the movement from events to conceptual ideas was the major challenge and I am still not sure to what extent I was able to make my study “untimely.”

In the routine of fieldwork, deep down I sensed the difficulty of handling the material I had gathered, but deliberately ignored the disturbing feeling given that it would not help but discourage me at the moment, and moreover, change the direction of the fieldwork in a subtle way. Upon completing the research, I found myself alone with neatly typed and organized bundles of fieldwork notes. I did not know what to do with them- which part I should take, which part I should leave out. But something helped me find my own way.

Over the course of writing, I indulged myself with novels. On the one hand, reading would be a distraction, a refreshing break, from my research on which I centered my life, and on the other, it would help me develop a language and a style of my own. Though basically I ended up reading English novels, I sometimes read Turkish literature. Orhan Pamuk’s *Masumiyet Muzesi* [*The Museum of Innocence*] (2008) was one of them. Not particularly impressed by the novel, about 600 pages in which Pamuk portrays a detailed description of a man’s obsessive love for a woman, I was struck by a part that discussed Time. The protagonist was referring to Aristotle’s *Physics* to understand how

human beings conceptualize Time.<sup>6</sup> For him, Time is made up of the indivisible temporal instants, “made up now.” He vividly describes numerous moments, indivisible time-atoms, from his dinners with his lover and her family stretching over eight years. The protagonist over several years collects things from this house (knickknacks, kitchen utensils, clothes, jewelry, cigarette ends, etc) and then exhibits them in the museum he will establish after the death of his lover. Each thing, encapsulating the moments in themselves, creates the Time of the protagonist’s house visits.

In a similar vein, I had the same feeling of Time for my “field life.” I have been haunted by certain moments, temporal instants, in the field. Like the protagonist, I collected these moments. As the reader will recognize, each of these moments will be described in the text and then the story will unfold itself with connection to other moments and theoretical explanations. Out of bundles of fieldwork notes, surprisingly I picked out the moments, which have haunted me the most, and exhibited them as my collection of stories in this text. The Time of the dissertation is constituted by these collected moments.

### *Distance*

As a *Turkish citizen* when I decided to conduct fieldwork in *Turkey*, I encountered various reactions. My professors in Turkey criticized me for being a native informant “providing information about Turkey for the West.” This critique was based on Gayatri

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<sup>6</sup> When I checked *Physics*, I realized that Pamuk’s protagonist misunderstood Aristotle’s idea but this does not change the fact that his idea, not Aristotle’s, inspired my writing.

Spivak's argument<sup>7</sup> on native informants as the bearers of authenticity of their own culture to foreigners. Though I understood their point, I was not sure of my being a native informant since my area was not necessarily about Turkish people, society or culture, but rather the transformation of a market that could be found in any developing country under Structural Adjustment Programmes.

The second reaction to my research came with a letter. In the explanation for the rejection of my grant proposal from a major social science institution, I came across one comment that still puzzles me: "The researchers holds Turkish citizenship."<sup>8</sup> Frankly, I still have a hard time understanding the criticism which connects my citizenship with the subject that I am studying. The author obviously thought that this was a self-evident explanation, which did not require any further elaboration. The third criticism is the "going native" issue that has been raised as a question in almost every anthropology conference. I think that the issue of "going native" has gotten more attention than it deserves and does not hold its old crucial criticism in the anthropology of contemporary. "Going native" describes a situation in which an ethnographer gets involved in local habits and cultural life of the subjects that she or he loses that critical *distance* and cannot render a scientific record.

*Distance* is a relative term. I grew up in the capital city of Turkey. I barely visited any towns and villages before this fieldwork. I had no connection with bureaucracy or multinationals. I just once traveled to the eastern region of the country. Furthermore, I

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<sup>7</sup> Spivak's discussion of indigenous elites as native informants is quite relevant here. See (Spivak 1999).

<sup>8</sup> The grammar of the sentence was wrong in its original.

was not even a smoker. For the first time in my fieldwork, I visited several Kurdish cities and towns where the language was dominantly Kurdish (which I cannot speak). For the first time, I encountered high-ranking officials of multinationals in their clean, glass, marble offices. Again, for the first time, I spent so much time in an entirely male-dominated (tobacco experts) community. I believe that my chances of going native would be more likely, if I studied a subject in the U.S. (such as American universities).

Nevertheless, my objection to the criticisms of “going native” does not in fact rest on the justification that my personal history has dramatically diverged from the world of what I have studied. Rather, my point lies in the fact that culture, at least in my own work, is no longer the central object of ethnography. In my study, the “critical distance” with the culture does not any longer make sense, as the scale of the project shifts from the investigation of culture to the assemblages emerging around the crop. On such a new scale, there is neither “the Other” to be investigated nor “the Other culture” to be found. Yet, the native point of view still matters for the anthropology of contemporary (Rabinow et al. 2008) but in a different way. Through eliciting the point of view of our contemporary professional natives, mostly our collaborators rather than informants, it becomes possible to imagine the world of our subject. This is basically what Holmes and Marcus (2004, 2006) call paraethnography.<sup>9</sup>

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<sup>9</sup> I would like to quote here the way Westbrook understands paraethnography, since I find it very illuminating: “[it] is the ethnographer’s openness to using this ‘found’ ethnography and presumably helping to occasion its further articulation. Thus the ethnographic subject is literally a subject, a builder of the ethnography, and the academic anthropologist finds out what his topic is by doing the ethnography rather parasitically off the work done by the subject. Doug [Holmes] finds ‘Europe’ as already imagined by Le Pen. Without Le Pen (and other work, obviously), Doug [Holmes] would have been

In the fieldwork I have engaged with tobacco experts as my collaborators who are also concerned with the problems of the tobacco world. I should, however, acknowledge that my encounters with tobacco experts did not fulfill the potentials of paraethnography, given the fact that they are neither decision makers nor knowledge producers, though actively politicized actors of the tobacco sector. Yet, my fieldwork in the tobacco regulatory agency, where I spent long times with employees from high-ranking bureaucrats to tobacco experts, aimed at understanding the “native points of view” and this perspective brought about unexpectedly insightful results. Having resorted to bureaucrats’ self-critical moves by adopting their points of view, I examined their processes of strategic decision-making. This has led me to grasp the ways in which technocrats are imagining their places in the political structure and making their decisions in accordance to these imaginaries, such as acting in accordance with other actors’ expectations, rather than creating new policies with the help of old bureaucratic structures. In this sense, paraethnography becomes the new “native point of view” (Marcus 2007) in which the ethnographer’s distance to her informants is adjusted within a new scope.

My preliminary fieldwork in Turkey dates back to the summer of 2004. For three months, I visited a village, where tobacco is the primary cash crop produced in large amounts for multinational cigarette companies. After the preliminary research, I carried out a multi-sited (Marcus 1998) ethnography for more than two years in Turkey

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wandering around France. In contrast, the Malinowskian anthropologist ‘found’ the subject objectively, by going to a place where ‘the other culture’ was to be found” (Holmes, Marcus and Westbrook 2006, 169).

(September 2005 to March 2008). This time, the site of my fieldwork was switched from the vast tobacco fields to fancy rooms of multinationals, dark offices of the tobacco monopoly, cubicles of the regulatory board, formal corridors of the Assembly, dusty archives in libraries and the front seats of tobacco experts' cars by which we traveled to villages.

Over a year, I spent time at the Tobacco Experts Association in Izmir. By using my connections with the Tobacco Experts Association, I was able to interview civil servants working at the state-run tobacco monopoly and visit the state-owned cigarette factories. The Tobacco Experts Association allowed me to see how tobacco experts work, and determine the value and standards of tobacco. I traveled with them to numerous villages in eastern and western Turkey, interviewed the high-ranking bureaucrats, attended parliamentary meetings, visited the multinationals' cigarette factories, graded tobacco leaves in farmers' barns and witnessed tobacco smuggling in villages. This study would not be possible without them.

This dissertation constitutes an innovative contribution to the anthropology of law and of politics as well as to science and technology studies. As mentioned before, this study is about neither peasants nor agrarian studies. Rather, it looks at how markets are remade in non-western countries. The flow of the global standards in forms of economic and political ideas, and their constitution of markets and institutions in other countries are examined. This research would be incomplete without attention to how the technical and material life of the tobacco plant itself has been transformed along with the lives of other actors around it.

## *Outline*

The dissertation has three sections: law, markets and standards. The first section explores the transformation in legal reforms with a focus on global policymakers and technocrats. Chapter One unfolds the ways in which the global policies are transferred from the West and put into practice in developing countries. It specifically focuses on the attempts to bring the political and economic structures of Turkey into line with so-called “global standards” after the severest economic crisis in 2001. It basically discusses the spread of ideas, technocrats, laws and institutions from the West to Turkey, and how this new set of emerging governance has converted the way in which politics is made in Turkey. The chapter argues that the reframing of economics, as a separate realm from the political domain, turns the latter into a technicality.

Chapter Two analyzes the enactment of new tobacco law in 2002. When the law was debated in the assembly, the IMF was holding a loan of \$16 billion for Turkey, which would be released contingent upon the ratification of the tobacco law. The government was accused of “serving the interests of the IMF and world monopolies,” and the tobacco law was depicted as the “blood money given to the IMF.” The analysis of this legal process sheds light on how a law-in-motion (from the IMF to the Turkish Assembly) has become the ground on which issues of the sovereignty, in/dependency, and autonomy of the country were contested. Moreover, I seek to illustrate how the idea of “law as a means to an end” constructs legal practice at the moment. By examining the parliamentary debates and drawing upon my observations of a legal meeting in the assembly, I map out the law making process through an ethnographic approach.

Chapter Three is an attempt to disclose how “imported institutions” function in receiving countries. In order to understand the decision making process of these institutions, I specifically look at two “conflict cases” that the tobacco regulatory board had to handle. Following the conflicts enables me to go beyond the theories of “localization” and “indigenization” of the standardized institutions in national contexts. Instead of implementing readymade global policies in the local, the regulatory agency has developed a way of policymaking that was hinged upon expectations, speculations, or predictions due to its inevitable belatedness in following the developments in the market.

The second section analyzes the attempts at creating a new tobacco market in Turkey. The first chapter in this part focuses on the analysis of the emergence and impacts of oversupply of tobacco in the depots of TEKEL. It argues that the oversupply crop regarded as a “waste” has been transformed into a valuable “commodity” within the “unregulated” market. Then it explores the government policies to restrict tobacco production. If burning tobacco is a temporary solution, quota and contract farming are regarded as longstanding policies that would sustain the equilibrium between the demand and supply curves. After a brief discussion of why quota application did not actually work in Turkey, it examines how the introduction of contract farming has led to the emergence of an “unregulated market” in which the contract itself, by taking the place of tobacco, has become a commodity.

Chapter Five is an extension of the discussion in the previous chapter. The chapter claims that there is no one single model of the market, but multiple markets working in various different ways. Furthermore, I aim to show how several markets work through a



complicit relationship between state officials and criminal networks and thus, question the absolute divide between binary opposites such as informal/formal, official/unofficial and legal/illegal. I also argue that the new economic policies that aim at constituting “the market” in the sense of western capitalist economies have opened new avenues for corruption by creating unregulated economic transactions and redistribution of wealth.

The last section of the dissertation is on standardization. Chapter Six is a brief analysis of how a crop becomes a commodity through a set of standardization processes. By mapping out different categorizations (such as tobacco seed, leaf, bale, blend and cigarette), I explore the spread of the commodification of a crop from seed to smoke. This analysis has the goal of revealing how standards known as the prerequisites for the formation of a market are always subverted, destabilized, contested and then, replaced with a set of new ones. Standardization does not necessarily lead to the elimination of technical barriers but rather to the creation of new obstacles for several actors who are unable to adjust to them.

The last chapter stands separately from the rest of the dissertation, but I believe that it reveals the subtext of the overarching argument of the thesis that tobacco, as a crop, has been so significant for Turkey. The chapter is an attempt to retell the history of Turkish nationalism through the perspective of Oriental tobacco by examining the debates that took place from the late nineteenth century up until 1960. By making Oriental tobacco the central character, my goal is to analyze the relationship of the Turkish state with Germans, Americans, the Soviets, as well as the minorities living in

Turkey. Tobacco could not speak but the people speaking on behalf of tobacco produced an idea of a uniform and homogenous nation-state with its “standardized” citizens.

## Chapter 1

### Travel of Experts, Policies and Institutions

I thought Madonna had arrived. The place was the Ulus restaurant on an Istanbul bluff overlooking the Bosphorus. The commotion started with police sirens blaring. Then there was a gaggle of a dozen television cameras and reporters, flashes popping. A murmur started to spread through the restaurant. Then the doors flew open, the reporters cleared a path, and the star walked in: Turkey's minister of economy, Kemal Derviş, had arrived for dinner. Say what? Turkey's economy minister getting the Madonna treatment? Gotta tell you, it's the darndest thing I've ever seen. "Everywhere I go they follow me," shrugged Mr. Derviş sheepishly. This scene tells you everything you need to know about the unusual drama playing out in Turkey today.<sup>10</sup>

*The New York Times* eminent columnist, Thomas Friedman, wrote these lines four months after the severest economic crisis hit Turkey in February 2001. As Friedman stated bluntly, Turkey was on the brink of a financial disaster. To be precise, the Turkish currency was devalued by 25 percent in one day! Friedman, like many people, explained the financial turmoil as "the culmination of decades of mismanagement and corruption" in Turkey. A \$16 billion rescue package from the IMF and the World Bank was granted to the country, but with a condition: Turkey had to get real because "[t]here would be no

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<sup>10</sup> Thomas L. Friedman, "Foreign Affairs: Turkey's Moment of Truth," *The New York Times*, June 5, 2001.

next time. Turkey's feckless and squabbling politicians had no choice but to look for someone outside the political system who knew Turkey, knew economics and was not corrupt" (ibid.). The savior who would rescue the country from the financial crisis as well as from the incompetent, corrupt and old-fashioned politicians was Kemal Derviş. Derviş used to work at the World Bank; he had graduated from LSE and Princeton with honors degrees; and more importantly, he was "untainted" like the Turkish politicians who are "insanely jealous" of him (ibid.). The Turkish public was fascinated with his every move. In the media, every day another story popped up about him, his German mother, pasha grandfather, American wife, or bourgeois father (Kaplan 2001, 2002). The stories about him created a mysterious and eccentric character. Derviş, who was born to a German mother and a Turkish father, was like "us," but *not quite* with his way of soft speaking, habit of playing tennis, and good command of four languages.

As Derviş stated in several interviews (Asker and Isik 2006; Kaplan 2001) he was not a politician. He came to Turkey to fix the economy. His travel from the West to Turkey meant more than simply changing locations. As a western-educated expert in economics, he was immersed in the world of global policymaking at international financial institutions and has been working for the recognition and implementation of these policies as standards in developing countries. In brief, Derviş is a "technocratic interlocutor" (Woods 2006, 75) transmitting "traveling rationalities" (Craig and Porter 2006, 120) of international financial institutions around the world. He makes the global economic policies mobile.

This chapter aims to expose the ways in which global policies are transferred and put into practice in developing countries. It focuses on the attempts to bring the political and economic structures of Turkey into line with so-called “global standards.” The values and norms of the new global policies are diffused by global experts. Hence, the chapter also explores the transmitting of these policies through experts as ideas in motion. It is pertinent to note two points beforehand. First, there is no coherent and monolithic global institutional consensus on policies, as it is represented (Kapur, Lewis and Webb 1997; Stiglitz 2003). What I call global policy is the overdrawn outcome of the fractured and fissured opinions among different international institutions, which are being represented by global experts as inevitable, unified and consistent. The second point is that the traveling global policies do not create their own replicas in different countries but they are recontextualized as they travel. However, this chapter is not much concerned with the question of the recontextualization of these policies, but focuses on the process of how new global standards, with their accompanying laws and institutions, are being imported, justified and put into practice in Turkey. It is basically about the travel of ideas, experts, laws and institutions from the West to Turkey, and how this new set of emerging governance converts politics in Turkey.

The chapter has two main sections. The first part discusses the formation of a new political structure with the emergence and rule of technocrats and the second section explores the travel of a global policy, that is good governance, from the West to Turkey.

*Economic crisis as an event*

In Turkey neo-liberal economic reforms started in 1980 with the Structural Adjustment Programmes under the supervision of the World Bank. Although Turkey had been implementing Structural Adjustment Programmes since the Second World War, the 1980 programme became a milestone with its full-fledged economic goals. Basically, the programme required an abrupt abandonment of Keynesian policies that resulted in the minimization of social welfare, and the embrace of free market policies for the integration of Turkish economy into the world capitalist markets. However, the process of integration was not smooth and uninterrupted, and the economy did not continue to grow without running into problems and crises.

Turkish economy got considerably worse in the 1990s with huge deficits in the budget and increases in the inflation rate. In 1999, another ambitious disinflation programme was put into operation under the supervision of the IMF. The ultimate goal of this new programme was to decrease the inflation rate to a single digit by the end of 2002. The plan aimed at solving substantial structural problems in the areas of taxation, privatization, banking and the agricultural sector (Onis 2003, 9).

After the general elections of 1999, a coalition government was established under the partnership of the nationalistic Democratic Left Party, the radical right Nationalist Action Party and right-wing Motherland Party. Coalitions in Turkey, like elsewhere, are considered obstacles for an extensive implementation of political and economic programs because of the clash of interests among different parties. Although the three parties in the coalition worked harmoniously for one year, their opinions came to diverge on

substantial aspects of economic policy, especially on the issue of privatization.<sup>11</sup> The environment of dissent slowed down the pace of the implementation of the 1999 disinflation programme. Finally, the programme came to an end with the outbreak of the November 2000 turmoil, followed by the February 2001 crisis, as the severest financial crisis to date in Turkish history.

The February 2001 crisis hit Turkey immediately after the regular monthly meeting of the National Security Council, where the generals of high rank come together with the President, the Prime Minister and ministers in the cabinet. In the meeting, Turkish President Ahmet Necdet Sezer condemned the coalition government for its passive stance on corruption.<sup>12</sup> According to news in the media, the heated argument ended up with the President throwing a copy of the constitution at the Prime Minister and accusing him of knowing nothing of its contents. Prime Minister Ecevit's abrupt walkout from the meeting was followed by one of his most loyal minister's calling the president "an ungrateful cat." This tragicomic event prompted immediate panic in the volatile Turkish financial markets. Within hours, the Istanbul stock market fell by 15 percent. Foreign investors pulled out cash and about \$10 billion left the country immediately. Overnight loan rates soared up to 1,000 percent and the country's central bank was forced

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<sup>11</sup> The strongest clashes of interests between the Nationalist Action Party and the Motherland Party occurred over the privatization issues of two strategic deals, Turkish communication systems and Turkish airlines, where interests of the military were also concerned.

<sup>12</sup> The President was clearly referring to the energy minister from the Motherland Party, who was connected to the "White Energy" scandal, in which senior energy ministry officials were accused of receiving bribes. Prime Minister Ecevit, whose own honesty had never been in question, was also accused of protecting the Motherland Party in order to hold his coalition together.

to channel one-sixth of its cash reserves into the currency markets to defend the value of the Turkish lira against a speculative run.

According to the State Institute of Statistics, in the first half of 2001, more than 800 thousand people lost their jobs (cited in Aydın 2005, 124). Unlike the previous crises, not only did blue-collar workers but also highly educated and skilled employees were laid off. A large number of small and medium sized companies went out of business. As had happened in the previous crises, international financial institutions held the Turkish government responsible for the crisis.<sup>13</sup> They claimed that the crisis emerged as a result of the Turkish government's failure to maintain the austerity targets. The incompetence of political actors pursuing an extensive series of populist entitlements for short-term goals was one of the major reasons for the collapse of the economic programme. In brief, for international institutions, the political mismanagement of the Turkish government triggered the collapse of the economy.

The reasons for the outbreak of the economic crisis are beyond the scope of this thesis. However, the claimed explanations for the economic crisis, as put forward by international financial institutions and their national proponents, are significant in the sense that they have paved the way for the emergence of new policies and institutions. As Callon suggests, "financial crisis is a crisis for the formula" (2006, 15). "New adjustments are made" that lead to the emergence of alterations in "the socio-technical agencements" with the help of professionals (ibid.). Where governments face uncertainty

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<sup>13</sup> Interestingly, there was very little argument that the IMF and the World Bank policies might have played a significant role in the emergence of the crisis in Turkey (Aydın 2005; Cizre and Yeldan 2005; Onis 2003; Yeldan 2002).



in economics, they usually turn to networks of professionals within international institutions. Especially at the time of economic crisis, the impact of international financial institutions magnifies. They often step into situations in which governments are uncertain and force them to recognize certain policies. As put forward by the first deputy managing director of the IMF, “a crisis can suspend “politics as usual” and provide a government with “considerable freedom - more than is usual in politics - to undertake reform” (cited in Woods 2006, 76). The result is to give specific policymakers and agencies considerable leverage, as happened in the case of the Turkish financial turmoil, which provided a far-reaching authority to Kemal Derviş.

#### *Technocrat as a superman*

After the February crisis, the Turkish government invited Kemal Derviş, who had been working as a senior employee in the World Bank for 22 years, to take charge of the Turkish economy. Derviş was initially considered for the President of the Central Bank of Turkey. However, upon his rejection of this role, he was assigned as the minister of state responsible for the economy. Being unattached to any party, and thus, remaining as an unelected member of the government, Derviş took over his job as a technocrat, not as a politician. Such an appointment over the heads of the democratically elected politicians was extra-constitutional and contradicted the legitimacy of the democratic system. However, Derviş’s dubious appointment was neither challenged in international financial circles, which greeted him as a western-educated technocrat with more credibility and knowledge than local politicians, nor in the mainstream national media, which designated

him a “superman.”<sup>14</sup> In spite of several skeptical comments,<sup>15</sup> his popularity rose in a short period of time owing to his well-educated, presentable, successful cosmopolitan image, in contrast to the stereotypical Oriental image of the Turkish politicians regarded as incompetent, corrupted and self-interested.



Figure 1: Kemal Derviş (*Aksiyon*, March 17, 2001)

As his first task, Derviş established an expert team to fix the economic situation in Turkey. Derviş and his western-educated experts made it clear that external financial aid would be available, if the Turkish government was able to undertake serious steps not

<sup>14</sup> International economic journal *The Banker* chose Derviş the Economy Minister of the Year in 2001. Also, the U.S. ambassador to Turkey, Robert Pearson made a comparison between Derviş and Mustafa Kemal Atatürk to praise Derviş's policies. In the Turkish press Derviş was hailed as the savior of the economy. See (Demirer and Orhangazi 2003) for a very interesting analysis of the media that turned Derviş into a “mythical figure” in Turkey.

<sup>15</sup> The most serious academic criticisms of Derviş's reform policies came from the *Independent Social Scientists*. As a critical economic circle, *Independent Social Scientists* was founded in 2000 to inform the people in Turkey about the impacts of neo-liberal policies. Based on the writings of Joseph Stiglitz, who used to work as the ex-chief economist of the World Bank but became the opposing voice of international financial institutions after quitting his job, the *Independent Social Scientists* condemned the market liberalization policies imposed on Turkey for the outbreak of the economic crises. See their website, <http://www.bagimsizsosyalbilimciler.org>, for the details.

only in the economy but also in the political realm. International support would be received, only if the legal framework was changed in a way that would facilitate the proper functioning of a market economy. After his visit to the U.S., Derviş straightforwardly explained the agenda: 15 laws had to be enacted in 15 days in order for Turkey to receive the necessary financial aid.<sup>16</sup>

Any sign of hesitation on the side of policy makers to enact the laws was denounced for deepening the economic crisis and missing an important chance to receive loans from international financial institutions. A situation of emergency was created. Bülent Arınç, the spokesman of the opposition party in the parliament, stated that:

If these are the laws, we are against most of them. We have also some reservations, yet, it is not the time to discuss these now. Since they are telling us that “if these legislations are not passed by April 15<sup>th</sup>, no loans will arrive, Turkey will enter into a chaos, the country will end up with a provisional regime and no government will be able to face this...” We cannot see any other choice. We have to say “yes” to any solutions that will alleviate people’s suffering.<sup>17</sup>

It was made clear that there was no alternative left for the Turkish government other than to enact the laws to fix the economic disaster. As a result, a record number of laws, in a very short period of time, were enacted. The laws were passed one by one without any substantial political discussions in the parliament. The only concern at the moment was to accomplish the necessary changes in political structure to receive the financial aid. The political was regarded a necessary element, but in the last instance, a *technicality*, that

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<sup>16</sup> Tobacco law was one of those laws known as the “15 laws in 15 days.” Others were the State Budget Bill; Amendments to the Banks Bill; Bank Bankruptcies Bill; Central Bank Bill; Bill on the State Debt to State-owned Banks; Bill on Closing Down Budget and Extra-Budget Funds; Credits Bill; Credit Adequacy Bill; Sugar Bill; State Tenders Bill; Nationalization Bill; Turk Telecom Bill; Civil Aviation Bill; Petrol and Gas Market Bill.

<sup>17</sup> *Radikal*, March 30, 2001.

was needed for the proper functioning of the economy. The priority of the economic realm over the political was already accepted.

In April 2001, Derviş introduced the “Transition to a Stronger Economy Programme”. The goal of the programme was comprehensive. It aimed to overcome the impacts of the crisis and sustain stability in the economy by reforming the financial, agricultural and social security system. It also aimed at bringing in a floating exchange rate system and speeding up privatization. Under the leadership of Derviş, as it was planned, the new economic programme received \$16 billion from the IMF. International financial institutions praised the results of the new economic programme on the grounds that the impacts of the crisis were alleviated by the policies favoring free marketism and good governance.

According to Derviş and his supporters, one the most important lessons of the February 2001 crisis was to separate politics from economics, which is the prerequisite of good governance. On many occasions, Derviş expressed the idea that politics and economics interact with each other to a degree that both “suffer from that. Politics should stop using economy.”<sup>18</sup> That the mingling of politics and economics would lead to a corrupt system in non-western countries remains a very common argument in the discourse of international institutions. For example, two months after the outbreak of the February crisis, Horst Köhler, Chairman of the IMF, announced the decision to grant a \$10 billion loan to Turkey and reiterated that the goal of the Stand-By Agreement was to

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<sup>18</sup> *Middle East News Online*, April 22, 2002.

combat corruption and separate economics from politics. Corruption has become a pretext for the future political rearrangements planned for Turkey.

*A short story of corruption*

The first military coup in 1960 was the first serious reaction against corruption, which ended with the execution of Finance Minister Hasan Polatkan, Foreign Minister Fatin Rüstü Zorlu and Prime Minister Adnan Menderes. Along with other allegations, the rulers of the Democrat Party were accused on the basis of corruption. However, their heavy punishment did not change things in Turkey. Corruption continued during the era of the Justice Party, the successor of the Democrats, which initiated huge infrastructural projects with the money coming from the U.S. and international financial institutions. In 1971 the second military coup removed the Justice Party from the power, which, it was argued by the army, was driving Turkey “into anarchy, fratricidal strife, and social and economic unrest,” in their own words (cited in Ahmad 1977, 288). For a decade, Turkey had to struggle with the violent clashes between the Left and the Right as well as its fragile economy. Raw material shortages got very severe and smuggling of illegal goods such as cigarettes, alcoholic beverages, drugs, and guns flourished. The 1980 coup, the third coup in three decades, was justified in the name of ending violence in the country, but what it actually brought about was more violence and more corruption.

Under the military government of the 1980 coup, Turgut Özal became Deputy Prime Minister. His intense deflationary program that was enforced under martial law reduced inflation by over 100 percent. However, Özal was forced to resign in 1982 since

his policy of freeing interests without adequate controls led to the "bankers scandal" in which thousands of middleclass savers lost money on the promise of incredibly high interest rates. At the end of military rule, Özal established the Motherland Party in 1983, won the elections, and became the Prime Minister.

Özal is a key figure in Turkey's transition to a neo-liberal economy. He was employed as a bureaucrat in several departments of the Turkish government. Subsequent to his work experience at the World Bank for two years in the 1970s, he came to Turkey and worked at one of the biggest corporations in the country, Sabancı Holding. It is interesting to see that Özal and Derviş have parallel stories in the Turkish political culture. Both of them received training in western universities, worked for the World Bank, came to Turkey and commenced a path-breaking era in the country. However, unlike Özal who depended on his conservative and Islamist roots, Derviş's experience in the political arena was quite different as he was always regarded as an "outsider" with his western manners.

When Özal ran in the elections in 1983, his party got the majority of the votes in the parliament with the support of different segments of the society. After coming to power, he appointed new cadres, known as "Özal's princes" (a group of young technocrats mostly educated in western countries), to the managerial positions of critical agencies and state-run banks. Under the Özal administration, the legislation process was transformed. Özal had the "tendency to underestimate the importance of the rule of law and the need to develop a strong legal infrastructure for a well-functioning market economy. His preference was for ruling by decrees, hence bypassing normal

parliamentary procedures and constraints” (Önis 2004, 3). Contrary to the conventional understanding of bureaucracy, he preferred to apply policies by sidestepping the legal procedures.<sup>19</sup> He regarded laws and legal procedures as impediments to speedy decision-making in economic matters. Moreover, he favored shortcut methods of enacting laws, took advantage of loopholes and ignored the moral codes. An interesting example of Özal’s way of legislation is the enactment of the law allowing multinational cigarette companies to establish production facilities in Turkey in 1991. The bill was introduced in the middle of a completely unrelated subject about universities in the midnight hours in the Parliament. Özal was able to pass the bill with a simple majority of his party’s deputies. Most delegates of other parties, who were absent at the moment, learned about the law the next day. Knowing that he would never be able to enact the controversial law in the presence of opposition parties’ delegates, Özal simply created and took advantage of an entirely “legal” but “unethical” political environment.

In fact, Özal’s desire for a swift executive process would be criticized in the following years. Especially his radical policy of opening up Turkey for foreign capital would be seen as a premature decision in the presence of pervasive macroeconomic instability and absence of strong political structures. Even the successive crises that Turkey experienced over a short interval in 1994, 2000 and 2001 would be claimed to have their origins in key decisions implemented during the Özal era (Cizre and Yeldan 2005, 389).

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<sup>19</sup> For example, key decisions on privatization of state economic enterprises from 1986 onwards were achieved by government decrees. The Özal government extensively used the right of issuing decrees to increase the power of the executive *vis-à-vis* the legislative and the judiciary. Only 17 decrees were issued between 1972 and 1978, but 305 decrees were issued between 1982 and 1990 (Sonmez 2004, 143).

In order to provide markets with complete autonomy, Özal ignored legal procedures. His prioritization of the economy over the political realm created new economic opportunities that had not existed before. Özal's policies resulted in the enrichment of entrepreneurial individuals who took advantage of the opportunities or mere loopholes in the system. His idea was truly based on neoliberal ideology which aims at creating "active citizens" where individuals seek to "fulfill themselves as free individuals" (Rose 1999, 164-165). What is demanded of individuals is to take the responsibility for their futures and look for opportunities in the market. Now, every individual, even a shepherd in the countryside, is responsible for his destiny. Paul Wolfowitz, when he was the Deputy Secretary of Defense, gave a lecture on the memorial day of Turgut Özal and explained Özal's idea of entrepreneurship with an anecdote:

I am told that Turgut Özal often used to tell a story that illustrates his view of the process of economic reform in Turkey. A police official came to Özal to talk about some border problems. The official told him, "Many of our shepherds have made arrangements to take their flocks across the border to fatten them up because it is cheaper. Then they are smuggling them back into Turkey in violation of our customs laws." And Özal is said to have replied: "You may regard that as a violation of customs; I regard it as trade. [Laughter.] We should be encouraging such enterprise, not making it a criminal act." And with that, Özal added, "There's a simple solution: change the law."

So they changed the law and it became legal to import sheep with a license. Some months later, the senior official came back to Özal and said, "We have a problem now. A lot of shepherds are applying for import licenses." [Laughter.] Özal replied: "What is the problem with that?" The answer: "We can't grant the licenses to many of these shepherds—most of them used to be smugglers [Laughter.]"<sup>20</sup>

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<sup>20</sup> Fifth Annual Turgut Özal Memorial Lecture, March 13, 2002, <http://www.washingtoninstitute.org>



The anecdote, which was interrupted several times with the laughter of the audience, does not explain further if Özal was able to solve the legal problem with the “smuggling shepherds.” But the story is explicit enough to reveal that Özal’s discourse aimed at creating self-confident, self-interested, entrepreneurial individuals responsible for their own lives. The indeterminacy of the law would be exploited not for the purpose of providing social welfare for *citizens*, but opening the way for *individuals* to fulfill their potentials. Unmaking and remaking of the rules became a routine practice under his administration. As Shore and Haller explain, in many cases “politicians (such as Italy’s premier Silvio Berlusconi) change the law so that their previously illegal practices of book-keeping, are reclassified as legal” (2005, 4). The switch from illegal “smuggling” to “legal imports of sheep” became possible with a change in the law. For Özal, law and legal procedures existed to serve the economy and could be exploited as long as they were in favor of the market. And in cases when the legal structure seemed to block the unrestrained functioning of the market, unmaking and remaking of the law became an option.

During the Özal era, a period when economic liberalization policies were fully embraced, the corruption cases amplified remarkably due to the government’s flexible attitude to observing laws. The free market policies adopted during the Özal administration aimed at creating entrepreneurs in every segment of society who were very much involved in activities of making quick money.<sup>21</sup> Özal’s famous statement that

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<sup>21</sup> The “fictitious exports” scandal during the mid-1980s was one of the most well known corruption cases occurring during the Özal era. After the government’s decision to promote exports in the form of export tax rebates, rent-seeking enterprises took advantage of these subsidies through a variety of mechanisms, notably over-invoicing. A

“my bureaucrats know their business” became the motto for state-sponsored encouragement of bribes and embezzlement. Being legitimized and recognized in the transition process to the free market economy, corruption appeared as a regular and inevitable phenomenon. Ironically, years later, the solution to combat corruption would be again found in liberalization policies, such as the separation of the economy from politics, supported by the idea of good governance put forward by a technocrat, Derviş.

### *Framing the economy*

The Özal government applied excessive economic reforms without establishing the necessary institutional background in the 1980s. The legal background of the liberalization policies in finance and trade was non-existent and this was not considered a problem. However, during the 1990s, international financial institutions' claims regarding the functioning of markets changed. They argued that the proper functioning of markets required the rule of law and basic regulation that would safeguard private property. The World Bank and the IMF declared that several developing countries failed to reach economic success due to their inability to tackle corruption.<sup>22</sup>

The argument that the proper functioning of markets is based upon a strong institutional and legal structure diverges from Özal's assessment that markets function

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large numbers of firms claimed large amounts of export subsidies without actually undertaking the required level of exports. Yet, no serious attempt was made to punish the crimes involved.

<sup>22</sup> However, as I will show in other chapters, corruption is not necessarily against the functioning of the free market economy. On the contrary, when the economy stumbles across the limitations of the rule of law, formal market procedures are replaced with the so-called non-market activities.

better without any intervention. Concepts of the institution have increasingly become central in different schools of economic research. The idea that human beings need some kind of institutional arrangements to solve the problems encountered in the market is widely accepted. For economists like Derviş, the challenge is to coordinate economic activities with a strong institutional infrastructure. In an article entitled “Governance and Development,” he stated that:

When we look at the progress of democracy in advanced countries, we see that the development of competitive markets went hand in hand with the growth of strong democratic institutions. As Karl Polanyi emphasized, markets were embedded in social and political institutions. Without these institutions, markets cannot work. Every successful market system has been embedded in governance supportive of development, which enhances the legitimacy of market outcomes (2006, 156).

According to Derviş, without properly functioning democratic institutions, markets would remain “illegitimate ” and corrupt. In spite of the substantivist tone of this quotation, Derviş was not truly following Polanyi’s argument that markets are embedded within the political and cultural institutions from which they emerge. As Callon and Caliskan (forthcoming) argue for this kind of economic tradition, this idea is “different from the one postulated by the notion of embeddedness [...] The idea of embeddedness rendered the boundary between economy and society obsolete. Rather than being an independent *sub-system* within society, economy is enmeshed in it: imagining two distinct disciplines makes no sense.” Derviş’s assumption, however, lies on the argument that the economy and politics are two different spheres, which operate with their own rationalities, as I will show below.

Rather than holding the notion of embeddedness, Derviş seems to believe that political institutions guarantee that a population would trust the market and see it as

legitimate.<sup>23</sup> After Derviş resigned from his job in Turkey and became the head of the UN Development Program, he answered the questions of *International Harold Tribune* readers about the role of climate change in economic development. In replying one of the questions, he suggested:

Even very strong supporters of “capitalist globalization” believe that greater and more effective regulation is needed to make what some call “financial capitalism” sustainable. The market economy has brought the world huge benefits and we need to avoid the bureaucratic and centralist mistakes of the past. What we need to invent and develop are regulatory mechanisms that, on the one hand, don’t stifle private initiative and the creative energy of a market economy, but on the other hand, are very effective in their correction of the market failures that lead to excesses and misallocation of resources. We must also remember that democratic societies can only function well if the results achieved by the market economy are politically acceptable. The current global financial crisis provides a stark example of the consequences of missing and misguided regulation in the market economy.<sup>24</sup>

Linking the economic crisis in the U.S. in 2008 to the missing and misguided regulation in the market, Derviş maintains the financial outcomes are only sustainable and successful as long as there is a democratic structure supporting and legitimizing them. In other words, the functioning of the free market must be recognized in the eyes of the population through its embeddness in political institutions. Market activity must be legitimized within the political. Yet, according to this discourse, the political is not more than a framework which bestows on economic activities their legitimacy.

Though Derviş’s emphasis on the legitimacy of market transactions was not shared by Özal, who believed in the perfect functioning of the unregulated market, they both relied on the same idea; i.e. the secondary role of the political. Özal considered the

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<sup>23</sup> I am thankful to Chris Kelty for bringing this point to my attention.

<sup>24</sup> *International Herald Tribune*, August 13, 2008.

political as an insignificant element, which could be bypassed for the sake of markets, whereas Derviş supported the establishment of political institutions for the creation of a legal environment for markets. Though registering the significance of the political dimension, Derviş bestowed the priority on the economic realm in the last instance:

the stronger the economy of Turkey, the more European investment and production come to Turkey, the more trade there is, the more financial links there are, the stronger will be the European interest in integrating Turkey. I do believe that the economy deserves priority (cited in Cizre and Yeldan 2005, 392).

Derviş considered the political domain as a *supplement*<sup>25</sup> which would make the workings of markets recognized in the eyes of the population. The political realm is an inessential added to the economy to complete itself. Yet, what is complete in itself cannot be added to, and thus, a supplement can only occur where there is an original lack. This implies that the economy has a lack to be filled by the political structures in order to work flawlessly. Although without the presence of the supplement, the economy would not be a whole (or legitimate), the supplement always should be outside of the whole. It is an extra, addendum, surplus that needs to remain on the outside. The borders of the economy and the political must be drawn to make it clear that they must remain separate.

As Derviş expressed many times, the mingling of the two realms would lead to bad governance. The “uninvited” presence of the political in the economic sphere would blur the transparency, slow down the functioning of the economy, and disrupt the working of markets, which would be operating on an even keel unless interrupted by external forces. Both spheres must be framed in a manner that the flows from one realm to the other can be controlled, managed, and structured. The uncontrolled flows would

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<sup>25</sup> About the concept of supplement, see (Derrida 1998).

lead to corruption, rent seeking, nepotism, opaqueness, and incompetence, all of which were put forward by the international financial institutions as the reasons for the economic crises in Turkey.

The critical economist circle, the *Independent Social Scientists*, in Turkey instantaneously criticized Derviş by arguing that “the separation between market activity and political activity is itself a political project” (Cizre and Yeldan 2005, 393). For them, crony capitalism does not arise with the deviation from market economy; on the contrary, it is the unavoidable result of it. The policy of Derviş would “disconnect the economic stabilization program from any wider democratization discourse,” and, furthermore:

reduce politics to the role of administration and the issuing of technical decrees, and society to a conservative and obedient, and therefore a malleable mass. Politics is characterized as merely an instrument at the service of markets, efficiency, and profitability. The momentum of the stabilization project is enhanced by subordinating politics to the so-called imperatives of a global agenda (ibid., 393).

The *Independent Social Scientists* believe that behind Derviş’s discourse there lies a set of structural transformations to satisfy the needs and demands of international financial centers, not the requirements of national economy. They put forward a very valid criticism that politics is reduced to the role of administration in the service of the economy, which means that its *political* dimension has been carved out. By taking their argument one step further but in a different direction, I will suggest that the politics described in the discourse of Derviş has been an *anti-political* one. Different from the *Independent Social Scientists* discussing the entire issue within the interests of international capital, I am more interested in exploring the standardization of the *technicalization* of politics. To be precise, I seek to explore the rearrangements done in

Turkey through the framework of the implementation of emerging global policies.

### *Economics as a technology*

Holding a PhD in economics, and having written two economy textbooks, Derviş believes in the power of economics in shaping the economy. The economy must be guided by economists away from the distractions of political controversies.

As Timothy Mitchell argued, the idea of “the economy” is a recent product of the mid-twentieth century (1998, 2002, 2005a, 2005b). In the late eighteenth or nineteenth century, no political economist referred to an object called “the economy” in the modern sense. For example, Adam Smith in *The Wealth of Nations* referred to economy in its older meaning of frugality or the prudent use of resources. Even in the 1920s, the word economy meant “the principle of seeking to attain, or the method of attaining, a desired end, with the least possible expenditure of means,” according to the 1925 edition of *Palgrave’s Dictionary of Political Economy* (cited in Mitchell 1998, 85). The first appearance of the idea of the economy as a general structure of economic relations was in 1936 with the publication of Keynes’ *General Theory of Employment, Interest and Money*. Though Keynes used phrases like “economic society” and “economic system as a whole” instead of “the economy,” this book indicates the origin of what came to be called macroeconomics (Mitchell 1998, 85).

Mitchell argues that Keynesian theory was a response to the broader developments going on in the world, the emergence of unemployment, depression, and the New Deal (ibid., 88). From the 1930s to the 1950s, the economy came to be seen as a

self-evident totality and it provided a new discourse for nation-states to represent themselves in a new way. The idea of each nation-state having a separate economy has led to the emergence of national economy with a self-contained geographical space. And the growth of nation-states started to be measured according to their national economies (ibid., 89). Mitchell states that economy “provided a new language in which the nation-state could speak for itself and imagine its existence as something natural, bounded and subject to political management” (ibid., 90). In that sense, though the economy is invented, it does not mean that it is merely a fiction or social construction. What is at stake here is that the economy is not a self-contained, independent, and distinct domain as it is represented. It is constituted by economics.

In *The Laws of the Markets*, Michel Callon contends that “economics, in the broad sense of the term, performs, shapes, and formats the economy, rather than observing how it functions” (1998a, 2). Economics is not a simple set of representations but it produces its own object of analysis. The knowledge produced about economic life is not simply descriptive or analytical, but it is performative (Barry and Slater 2005, 2). For example, economic analysis and market research are not just descriptions of economic life, but they create the phenomena they describe. Economics is a performative technology and its effectiveness, as Mitchell unequivocally puts forward, rests on:

what it does, not on what it says. It does not work alone. It operates together with other techniques, sets of information, arrangements, and agencies, with different strengths and resources (2008, 245).

The understanding of economics is not restricted to an academic theory but includes all institutions, techniques, and other kinds of specialist and non-specialist social practice. Economic knowledge not only contains, for example, accountancy, statistics,



law, marketing but also the economic knowledge of non-experts, such as citizens, workers, and consumers. It draws the borders of the economy. In other words, the work of economics defines what should stay in and out of the economy. The framing of the economy, or the definition of it, leads to the emergence of several other categories, such as non-economic activities, illegal/informal markets, non-capitalist economies. Though the unregulated economic activities are the practices constituting the economy per se, they are left outside by economics. The fifth chapter of the dissertation discusses in detail how several economic practices described outside of the market, in the forms of illegal, informal or black market activities, actually contribute to the formation of the economy.<sup>26</sup>

Not only are unregulated market activities, but also the political realm is pushed outside the frames of the economy. Just as informal or non-market practices are thought of as something *residual*, the political is thought of as something *supplementary*. Though the political is inside the economy, a substantial element constitutive of it, it is regarded as an outside element that is required to legitimize market activities. The uninvited involvement of the political would create overflows disturbing the harmony of the market. In other words, what is embraced by economics is politics as a *technical* matter, rather than its political insights. Barry's distinction between politics and the political seems to be helpful to understand the issue here. Barry defines "politics, as a set of technical practices, forms of knowledge and institutions-, and the political as an index of

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<sup>26</sup> For an excellent example of the discussion on the boundaries of the market economy, see (Mitchell 2008).

the space of disagreement” (2005, 86), and concludes that the political is not reducible to politics:

[...] what is commonly termed politics is not necessarily –or generally- political in its consequences. Politics can often be profoundly anti-political in its effects; suppressing potential spaces of contestation; placing limits on the possibilities for debate and confrontation (ibid., 86).

With this explanation, it is easier to understand Derviş’s policies. Believing that the economy must be encompassed within economics, the Derviş administration was less concerned with questions of distribution, but more interested in questions of regulation, monitoring, and measurement, and he delegated these activities to experts in regulatory bodies or boards. For him, when the political intervenes, economy and thus the market stop functioning in the ways that economics formats. Corruption, nepotism and rent seeking, which Derviş has placed within the political realm, are the sources of bad governance and malfunctioning of markets. On the one hand, politics, as a set of technical practices with its institutions and experts, is necessary to establish the conducive legitimate environment for markets. On the other hand, the political debates and confrontations must be limited. In short, while politics is required, the political must be excluded from the borders of the economy. This anti-political environment would make it certain that the separation between the world of the political and the world of the economy is clear and secure. Derviş has found this separation in the concept of good governance, which would keep the messiness of political activities out of the economy.

### *Good Governance, Bad Governance*

The term “governance” was first used in the World Bank’s report, *Sub-Saharan Africa from Crisis to Sustainable Growth* (1989), within the context that bad governance in the African states led to the financial and political problems in these countries.

According to the report, the emergence of crises in Africa stemmed from inexperienced staff, politicized administration and their inefficient services. By and large, dysfunctional state institutions caused the economic activities to shift “increasingly to the informal sector. Too frequently ordinary people see government as the source of, not the solution to, their problems” (1989, 30). The role of state must be changed from a troublemaker to a facilitator, through the creation of a conducive environment for the market.

The concept of “good governance” was first raised in the World Bank’s booklet *Governance and Development* (1992). The Bank defined the concept as such: “the manner in which power is exercised in the management of a country’s economic and social resources for development” (ibid., 1). Good governance was also referred to as “sound development management” and “central to creating and sustaining an environment which fosters strong and equitable development and it is an essential complement to sound economic policies” (ibid.). Thus, when the concept was first coined, it was more identified with the idea of development.

In the 1980s, one of the principal requirements for receiving loans from the World Bank and the IMF was to reduce the size of the state. However, in a short time, it became clear that the attempt to minimize the role of the state in society was a mistake since these policies have created negative effects such as high unemployment and an increase in

inflation rates. What should have been done instead was to transform dysfunctional state institutions into efficient organs that would work towards economic development. The idea of good governance was promoted with the goal of creating an effective and efficient state that would regulate the political arena for sustainable growth.

In the 1990s, the concept of good governance was widely discussed and put into operation. Moreover, it has become a precondition to qualifying for international loans. However, the conditions attached to receiving aid are defined within the category of good governance, rather than the concept itself determines the fields that require reform. By itself alone, the concept signifies nothing, but the presence of “bad governance.” The things-not-to-do has become the reference point of the concept. There has hardly been a consensus about what it really means. International organizations have preferred to draw the borders of the concept with “its pillars.” According to the OECD report, good governance has four pillars: the rule of law, public sector management, control of corruption, and reduction of military spending (1995). The report of the IMF on *Good Governance* (1997), on the other hand, puts forward the transparency of government accounts, the effectiveness of public resource management, and the stability of the economic and regulatory environment for private sector activity as the main principles. UNESCAP<sup>27</sup> defines eight pillars: good governance is participatory, consensus oriented, accountable, transparent, responsive, effective and efficient, equitable and inclusive and follows the rule of law. The idea is schematized in a geometric picture in the website of UNICEF and turned into an inscription, an “immutable mobile” (Latour 1990, 26). The

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<sup>27</sup> UNESCAP stands for “United Nations Economic and Social Commission for Asia and Pacific.” See the website for “What is Good Governance,” <http://www.unescap.org/pdd/prs/ProjectActivities/Ongoing/gg/governance.asp>

concept functions as a “working object” (Daston and Galison 1992, 85) that is employed in the global policymaking process as a “standard.”

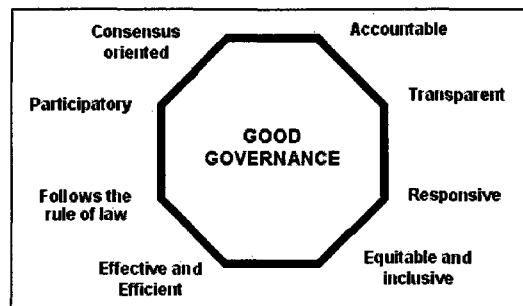


Figure 2: Good Governance (UNESCAP)

In spite of its ambiguous and puzzling character, good governance has become one of the most effective concepts in the international arena and has paved the way for the reconstitution of politics and economics in aid-receiving countries. The concept has gained a performative role. Not only has it determined which country would receive how much loans and under which conditions, but also justified the introduction of new policies and institutions in those countries. Moreover, several pillars of good governance, such as being responsive, participatory, consensus oriented, aim at constructing a western sort of political administration in non-western countries. Good governance has implied a logic whereby states “are required to conform to contemporary global standards of civilization” (Bowden and Seabrooke 2007, 3). The idea of global standards of civilization is preoccupied with non-western states’ capacity to amend their political structures in a way that allows them to engage with the West (*ibid.*, 7). The criteria then are Western values and standards.

Among many pillars and definitions of good governance, there is one single fixed recurring theme: the prevention of corruption. Due to the difficulty of defining the boundaries of corruption because of its profane, slippery and controversial meanings, the global coalition against corruption founded Transparency International (TI) in 1993. TI has played a crucial role in establishing a global formula that would become one of the key standards governing the international arena. It has published the Corruption Perception Index (CPI) that ranks countries regarding to perceptions of their corruption (Larmour 2007, 99). Corruption is converted into “scores” in international scales<sup>28</sup> through which states could be compared with each other. The analytical concepts work as socio-technical devices, making the political measurable which leads the way to the disciplining and governing of nation-states in certain ways. For example, adherence to standards of Transparency International is required from countries seeking membership to the European Union, as in the case of Turkey, or it is used as a criterion for foreign investment.

In the discourse of international financial institutions, corruption is mostly attributed to non-western countries. As Anders and Nuijten argue, “there is a tendency to treat corruption in the modern developed parts of the world as incidental, as at worst a few rotten apples - not like the structural and widespread corruption in less developed parts of the world” (2007, 3). The Orientalist tone of the anti-corruption discourse of global institutions is undeniable, as it is “seen endemic to some societies ‘non-Western’ or, equally Eurocentric, ‘transitional’ or ‘developing’ societies), and not (or less) to

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<sup>28</sup> For measures of corruption that depend on perceived infractions, see Transparency International at <http://www.transparency.org>

others” (Shore and Haller 2005, 3). According to international financial institutions, corruption is responsible for the poverty and underdevelopment of non-western societies engendering uncertainty and lack of trust in economic sector that leads to the fleeing of foreign investment. However, Ferguson, deriving from his comparison between Zambia and Angola, argues that foreign capital prefers to go places without “the rule of law” since it can get benefit from the “untidiness” in these economies (2006, 41). He argues that these countries provide economic opportunities to foreign capital more than the states with “good governance,” as the political disorder does not provide a barrier, but on the contrary, new opportunities.

Another problem with the global corruption discourse arises from its distinction between public and private spheres. The World Bank defines corruption as “the abuse of public office for private gain” (1997). Anders and Nuijten suggest that this distinction “identifies bloated and inefficient state bureaucracy riddled by widespread corruption as the main cause for underdevelopment since it impedes the expansion of the private sector, which is rooted in society” (2007, 8). To put it differently, corruption is inherently seen in the state, preventing the development of a free market economy, as well as shaking the legitimate basis of economic transactions. The transformation of inefficient, corrupt and old-fashioned state bureaucracies must be turned into transparent, accountable and efficient ranks for the development of a truly capitalist market in non-Western societies, which grows on a legitimate democratic structure. Then, the legitimacy of market transactions and the establishment of trust with the help of political institutions must be sustained for the well functioning of economy.

Good governance as a concept, bundling several new global standards within itself, such as transparency, anti-corruption, accountability, was introduced to serve as a solution that would lead to economic growth. The incentive behind this idea lies in the fact that a self-regulating market is not feasible alone, but must be supported by an efficiently working political infrastructure. The reformation of old political structures as well as establishment of new institutions would provide credible, transparent, stable policies and thus sustainable growth.

### *Politics or the Political?*

The history of regulatory agencies is not an old one. Although they came into existence in the late 19<sup>th</sup> century in the United States,<sup>29</sup> their flourishing, especially in Europe, began in the 1980s, with the rise of neoliberal ideology in these territories. There is no consensus about the definition of regulatory agencies given that their functioning and structure vary in different places.<sup>30</sup> For example, even in the case of the U.S. where the idea was born, the notion of regulatory policies did not have a coherent structure.<sup>31</sup> Moreover, in different countries, the agencies have different roles and impacts that

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<sup>29</sup> The first example of regulatory agency is known as the Interstate Commerce Commission (ICC) founded in 1887. Its goal was to regulate railway transportation, which was demanded due to the increasing complaints about the private railway transportation companies. Today in the U.S., there are about 100 regulatory agencies.

<sup>30</sup> Regulatory agencies have different names in different countries: autonomous regulatory agencies, semi-independent regulators, independent regulatory agencies, impartial regulatory agencies.

<sup>31</sup> In the U.S. each presidential administration had its own competing vision of regulation. The Roosevelt administration supported a statist leaning corporate liberalism, Wilson wanted a regulatory corporate liberalism, and Taft sought a minimalist-regulatory corporate liberalism. See (Sklar 1988).



change according to the historical contexts they have emerged from.

It is pertinent to note that the recognition of regulatory agencies in developing countries has followed a different path than that of in the U.S. and Europe. First, the travel of regulatory agencies to developing countries is mostly carried out and imposed by international financial institutions. Thus, these bodies are the outcome of the attempts of international authorities rather than the national will. Second, the transfer of regulatory organs in non-western countries intends to achieve a different goal than its counterparts in western countries; that is to create the same western administrative standards in governance. Standardization of political institutions would enable western institutions and companies to work within these countries. In other words, it would make non-western bureaucracies and markets accessible to western actors.

As mentioned before, Turkey started to implement financial liberalization policies in the 1980s, which targeted the privatization of state enterprises. The first regulatory agency, the Capital Markets Board, was established in 1982, which was followed by other agencies regulating markets in the following two decades. Especially after each economic crisis, Turkish governments, almost in every Letter of Intent submitted to the IMF as well as in loan agreements concluded with the World Bank, promised to establish regulatory agencies. The crisis of 2001 has accelerated the process of foundation of regulatory agencies. At the end of the crisis, the Energy Market Regulatory Agency (2001), the Sugar Agency (2001), the Public Procurement Agency (2002), The Tobacco, Tobacco Products and the Alcoholic Beverages Market Regulating Agency (2002) were established under the commitments made to the IMF and the World Bank.

International financial institutions have imposed the foundation of regulatory agencies as antidotes for the political instabilities emerging from successive coalition governments, and thus for the populist decisions favored by the politicians seeking to be elected. The agencies would be remedies to corrupt, inefficient, irrational and incompetent decisions and the slow processing of bureaucratic structures. The OECD report (2002) about regulatory agencies in Turkey stated that:

The deep economic crisis in Turkey is exposing the substantial weaknesses of Turkey's current public administration structures. The need for urgent implementation of comprehensive reforms are confronted with regulatory institutions and practices that are outdated, incoherent, ineffectively managed, and partially undermined by a very low trust in government, wide-spread non-compliance and in some cases corruption. The implementation and enforcement capacities of the public sector are lagging far behind policy decisions. If basic regulatory capacities are not in place, the likelihood that new reforms will succeed is limited, and the erosion of public support and rule of law will continue (45).

The anti-corruption discourse about the necessity of establishing transparent and efficient institutions is coupled with the sustainability of new economic reforms.<sup>32</sup> Regulatory agencies would guarantee the stabilization of legislation process, especially in countries like Turkey where governments frequently change. Since the cadres of these agencies do not change as the governments are replaced, sustainability of reform policies can be carried out. The goal is to create long-standing institutions, which would not be influenced by the changes in the political domain.

However, the establishment of regulatory agencies has generated remarkable criticisms in Turkey (Bayramoglu, 2005; Gunaydin, 2000; Islamoglu 2002; Sezen 2003,

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<sup>32</sup> An anti-corruption steering committee composed of senior civil servants from key ministries was set up in July 2001. Also another law passed in 2000 established a new procedure to facilitate the prosecution of civil servants on charges of corruption.

2007; Sonmez 2004). The agencies are granted autonomous power as their members are neither directly elected nor do they work under the supervision of elected officials. The decision-making process in certain sectors is delegated from legislative offices to regulatory agencies, which means that the policies of agencies are not accountable to the people, though they can impose heavy costs on them. The independent and autonomous status of agencies is regarded as being against the constitution, with their assembling of three basic separated powers, namely legislative, judicial and executive in one body. The absence of any substantial control mechanism over them has led to criticisms of their being unaccountable and illegitimate.<sup>33</sup>

Politicians in the government, even the ones who voted for the establishment of the agencies, have eventually criticized their way of functioning. They occasionally announced their approval of the formation of these bodies because of the pressures coming from international financial institutions. For example, the Prime Minister of Turkey, Bülent Ecevit, who played an important role in establishing the agencies during his tenure, would complain about the exceedingly independent and autonomous rule of regulatory bodies:

I should confess that we passed the limit on giving the autonomy. It is said that this is necessary for democracy, market economy and it's a demand emanating from the IMF. Many public institutions have become the independent institutions

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<sup>33</sup> In the Turkish case, all the decisions of regulatory agencies are subject to judicial review, but there are many open-ended and complex regulations on their authorities, and complicated applications in practice. They are constituted as affiliated with a ministry in order to secure the indivisibility of administration principle which is a constitutional rule in Turkey, but the absence of such a legally defined relationship in the Turkish administrative system has created many problems about how to define their relation with the executive branch and what kind of controls the central administration may impose on them.

that are totally out of the supervision and the influence area of the state and the government. The businessmen, who come to Ankara, know that many authorities have slipped through our fingers. They want to see the government and the state in front of them [...] The state is totally left on the sidelines with regard to banking or any other sensitive subject. We can put up with it, but the people cannot.<sup>34</sup>

The Prime Minister's speech created an immediate reaction from the economists in the government. Derviş rapidly made an explanation that the Prime Minister had been told that there would be no backward step from the pursued policies and also the IMF was convinced that the programme concerning the regulatory agencies would continue without any interruption. Derviş also noted that the IMF, which gave \$ 30 billion to Turkey, was watching the government 24 hours a day.

A possible discussion about the regulatory agencies was impeded on the grounds that the IMF was observing the government. To the questions of journalists about the relationship between politicians and the functioning of the economy, Derviş replied that "the politicians would steer the society and the economy. Otherwise, there would not be any meaning of politics" but yet, "politicians should not involve themselves in daily matters."<sup>35</sup> It is not clear what Derviş meant by "daily matters," but it seems that politicians should perform their jobs within the limits of administrative responsibilities, without crossing over the borders of the political. Years later, when Derviş became the head of United Nations Human Development Programme, he would bluntly put his argument:

When I was Turkey's minister of economic affairs we faced objections when I introduced a new law making our central bank autonomous in the fashion typical

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<sup>34</sup> *Cumhuriyet*, March 26, 2002.

<sup>35</sup> *Radikal*, March 30, 2002.

of most advanced economies. Why should the central bank not be directly managed by an elected government? I could understand the reaction, for even such a technocratic institution is the creature of a democratic polity and must somehow answer to democratic considerations and electoral politics. A fully articulated democracy must have some means of holding “independent” economic agencies and regulatory bodies to account without curtailing the autonomy that they need in order to do their jobs. [...] So there is need for a balance between regulatory agencies and democratically elected bodies. We need these regulatory agencies because we need a degree of stability in the overall framework of monetary and exchange-rate policy and banking rules, such that sudden political shifts cannot disturb them. This balance, readily taken for granted in developed democracies, is actually a delicate affair. Those of us who work with poorer countries should keep this in mind and be on the lookout for two dangers in particular. One is to expose these regulatory bodies too easily to day-to-day partisan democratic contention, thereby threatening the stability in basic economic policy that development requires. The other is to adopt an overly technocratic approach that too heavily insulates institutions such as central banks from democratic accountability (2006, 156-157).

Being aware of the criticisms against regulatory agencies, what Derviş proposes is to set the balance between technocratic institutions and democratic accountability. These bodies must be democratically legitimate and their decisions must be accountable. Then, with the absence of partisan controversies, the economic reforms would firmly be accomplished. What is at stake here, however, is not whether these bodies have democratic foundations or accountabilities. As I mentioned before, several scholars in opposition to what Derviş suggests see these organs as anti-constitutional and thus, anti-democratic. But the issue is more complicated than this. Regardless of their anti-democratic foundations, these agencies as standard global devices are structured to prevent any possible political argument. Thus, even though the agencies are democratically established, their structure prevents any kinds of democratic discussion. Compared to red-tape bound, slow and rigid state bureaucracy, they are considered flexible, transparent, and impartial entities. They speed up the policymaking process by

avoiding political controversies and their cadres are mostly constituted of people having technical knowledge in the sector. Which means that they are constituted more like technical rather than political organs. Within this structure, the policymaking process appears as a technical issue devoid of any political arguments. Similar to regulatory bodies, Barry and Slater (2005) argue that committees are:

the institutional form in which agreement can be reached without having to engage in what is normally called politics. They are ways of circumventing the messy “circumstances of politics” which tend to be encountered in parliament or the mass media (18).

The messy and time-consuming debates of politics are dismissed on committees given that the issues they deal with require technical knowledge. And technical knowledge requires expertise. However, the expertise does not only cover technical experts in a conventional sense but also the expertise of *administration itself* (Joyce, forthcoming). In other words, administration itself becomes a technical matter. Policymaking is converted into a daily mundane process, a matter of fixing the deficiencies in the market by following the directives of global institutions.

Even the effects of their policies are never brought into a public sphere where they could be discussed as events redistributing established positions. They have been confined within the narrow circle of politics of experts. The decisions have political repercussions on people, but this new framing would not let new arrangements be proposed. As Callon (2004) states:

Politics is the area of framing, repetition, closure, of the “lock-in” and pre-coding issues (of overflows) and conflicts. “The political”, by contrast, is the area of openness of new sites and new sights, of difference, of “lock-out”, of new objects of protest, of the production of events, or, alternatively, of overflows and their demonstration (133).

While politics is promoted, with its all repetitive functions and fixed structures, the political is impeded. Politics is regarded to facilitate the functioning of the free market economy by framing it within economics. The line between the economy and the political is drawn just within the realm of politics, where the decisions are taken and implemented as a technical issue. The decisions and their limited negotiations are locked-in within the boundaries of institutions, boards, committees and agencies. This politics is not political in its consequences: it is in fact an anti-political politics.

## Chapter 2

### Law-in-Motion: the Enactment of Tobacco Law

It is the beginning of February 2000. We are standing in the hallway of the Sheraton in Ankara. The World Bank official Mr. Lorenz Pohlmeier offers me and two of my friends to be the members of the “Restructuring Committee” that they are planning to establish on the top of the agricultural cooperatives. He suggests that [the World Bank] will decide 4 people out of the 7 members of the Committee. We ask him how come they will be able to determine the members of the regulatory agency that is supposed to be established according to the laws of the Turkish Republic. He replies: “If we give the money, we make the decisions.” He gets surprised when I reject his offer, but he tries to convince me by saying that the salary in dollar terms will be very satisfactory. But he gets the answer he deserves.<sup>36</sup>

This testimony belongs to Oguz Oyan, who was a professor teaching in the department of finance at Ankara University when he posted this anecdote on a socialist website. He became a deputy of the Republican People’s Party in 2002, and published a wide range of articles in the media as well as academic books about the consequences of agricultural reforms imposed on Turkey by the Bretton Woods institutions. The “Restructuring Committee” he was talking about in the quotation is the tobacco regulatory board, which would be established with the enactment of the tobacco law

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<sup>36</sup> Oguz Oyan, “For Whom are the Regulatory Boards Important?”  
<http://www.inadina.com/inadeski/sayil/oguzoyan.htm>.



about two years later in January 2002. So we learn that the tobacco law was on the agenda of the World Bank for more than two years and the details of the law, such as the foundation of the regulatory board and the number of the members, had already been decided.

The tobacco law was first mentioned in the World Bank Report, "Turkish Economic Reform Loan and Development Policy," in March 2000. Thereafter, in all Letters of Intent submitted to the IMF from 2000 to 2003, it was explicitly put forward that the tobacco law would be enacted soon. Both the Fund and the Bank have been insistent about the recognition of legal and economic reforms in Turkey. These reform laws have been oriented towards harmonizing regulatory practices in Turkey with global standards. The tobacco law was dismissed by Turkish politicians over the years for fear of losing their support from farmers. The February 2001 economic crisis constitutes a benchmark in the recognition of several reforms. Having been reluctant to take steps towards the legislation of the reform laws, the government had no choice but to enact them one by one, which was publicly called 15 laws in 15 days, to receive the necessary loans from the Fund and the Bank in order to fix the collapsed economy. And the tobacco law was one of them.

At the beginning of my fieldwork, I was desperately asking questions about the origins of the tobacco law: Who drafted the law? Why was such a law needed? What kind of legal practices took place and shaped the legislation process? But all my inquiries led up to the same short sentence: "the IMF wanted the law." This answer was obviously correct, but interestingly, it assumed that no further explanation was necessary. The

supposedly self-evident description was also accompanied by the argument that the law and the making of it were not remarkable at all. I was familiar with similar experiences of other anthropologists in the field. For example, Annelise Riles (forthcoming) expresses a similar incident when she was told that “law is just a tool, nothing more *exciting than* that.” I was in the same situation. The more I asked questions about the law, the more I was criticized by my informants that I should focus on the consequences of the law, rather than the law itself, which is simply a technicality.

However, the technicality of law must be taken seriously, as we have known from Riles’ studies (2005) or Bruno Latour’s recent work grounded on the ethnography of the French Conseil d’État (2002).<sup>37</sup> In a detailed description of the texts, people, architecture, concepts, and everyday office objects, Latour opens the “black-box” of law. For him, law is not a field to be studied independent of networks of people and of things. It is largely a *documentary network* through which the social is arranged and assembled (Levi and Valverde 2008, 818). But what if we are talking about law making that transcends the borders of the country? What if there is no clear distinction between what is legally produced inside and outside of the country? What if the origins of the law lay somewhere else?

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<sup>37</sup> Latour’s book is published in French. Bruno Latour, *La fabrique du droit: Une ethnographie du conseil d’État* [The factory of law: an ethnography of the Conseil d’État] (Paris: La Découverte, 2002). But one chapter is published in English, see “Scientific Objects and Legal Objectivity,” in *Law, Anthropology, and the Constitution of the Social: Making Persons and Things*, eds. Alain Pottage and Martha Mundy (Cambridge, MA: Cambridge University Press, 2004). Because of the language barrier, I rely on the book’s review written by Levi and Valverde and the English chapter of the book.

This was the case with the new tobacco law. I was told many times that the content of the law was actually embedded in western institutions, not in the Turkish government offices. The itinerary for the formation of the law was not easy to follow. Thus, mapping out the entire legislation process during the fieldwork would not be possible, and this led me to follow two paths of ethnographic research. First, I have analyzed the parliamentary minutes of the debates concerning the tobacco law as documents that “are artifacts of modern knowledge practices” (Riles 2006a, 7). These minutes show how the tobacco law was discussed within the trajectory of instrumentality discourse, or in other words, “a means to an end.” My second ethnographic account is based on a meeting that I attended in the Assembly in 2006, which was undertaken to make a change in the tobacco law. This time, I sought to capture “the present” of the legislation process and illustrate how the political discourse was dismissed in favor of technicalities.

Before discussing the two cases, I want to make one point clear. For Latour, the questions I cited above, such as the law being constituted in its travel between different locations, would not constitute a problem. Though ethnographically challenging, it would be an interesting case. In such a situation, I suppose Latour would be busy with looking inside the black-box and showing us how the law is being created. I find this methodology immensely inspiring, but I also think that this approach is limited to the formal institutions of legal networks. In other words, I argue that the anthropology of law requires an extension of the networks beyond the formal legal institutions that would also capture power relations. This is why I will now discuss Timothy Mitchell’s “Principles True in Every Country,” an article which describes the making of the property law in

Egypt within the center of power struggles between the East and the West. My goal is to draw a historical comparison between 19<sup>th</sup> century Egypt and 21<sup>st</sup> century Turkey and give a sense of what I am after.

*Principles True in Every Country*

In 1863 Isma'il Pasha, the Ottoman Ruler in Cairo, gave one hundred acres of land to his coffee maker, another hundred to his head barber, and within eighteen months he distributed more than six thousand acres of the Nile valley (Mitchell 2002, 54). In the same period, he also added more than fifty thousand acres to his own estates. To Europeans, these actions actually explained everything that was wrong with the East (ibid.). This was an arbitrary system. In contrast to "the universal rules of a modern system of law," Eastern governments were ruled by personal decision. As Mitchell aptly argues "[m]odern government, like modern science, the European believed, was based upon principles true in every country. Its strength lay in its universalism" (ibid.).

Though this discourse belongs to an earlier century, it reveals today's world where European universalism is still the case. And my story starts here. I argue that in parallel to what happened in Egypt almost 150 years ago, that is the imposition of property law as a universal principle, a program of political and economic restructuring in Turkey was imposed by international financial institutions "on the basis of principles true in every country." One of these reforms was in the area of tobacco production and exchange, which required a radical change in the law to open the way for the establishment of a competitive market. As a prerequisite of the free market economy, this

new law was presented as universal and inevitable, making all possible discussions about the law irrelevant and pointless.

Mitchell is interested in examining how and why the law of property was implemented in Egypt. The origins of the law are purposefully lost in history, because, as he argues, they lie in questions of power, discipline, coercion, and dispossession. The law was presented as an abstract rule, which explains why it was so powerful. To summarize briefly, the cotton and sugar crops planted to maximize export revenues had tremendous consequences in Egypt. The government used violence to force farmers to grow crops they did not want (farmers had no interest in growing crops they could not eat). In return, farmers started to abandon their villages. They lost the use of their lands to notables who created large estates with these lands for themselves (*ibid.*, 62).

When Isma'il came to power, his distribution of lands to his relatives was a response to recent developments. His goal was to stabilize the undermined cotton and sugar cane production, as the biggest revenues of the country. Isma'il took large loans from European financiers to fix the production, but after a series of epidemic, war and financial crises, he needed to obtain further loans to keep up interest payments to the banks. The increasing debt would result in the formation of the new law of property:

In the 1870s the estates were transformed from tax responsibilities into landholdings over which the recipient enjoyed what came to be called private ownership. This change did not occur because the holders sought the development of private rights. It was forced upon them by the government's and the foreign bankers' further demands for revenue (*ibid.*, 67).

Thus, the emergence of private ownership had nothing to do with the rights won by individuals against the state. It was more a punishment forced on individuals to create

revenues and pay back the country's debt. Moreover, the restructuring of Egyptian property laws that was undertaken to abolish the arbitrariness of the land system in fact created a new realm of arbitrariness. Estates concentrated in the hands of several notables became the private realm of exceptions, injustices, privileges and coercions. Thus, the modern rule of law, rather than creating a rupture with arbitrary forms of power, "rearranged the arbitrariness" (ibid., 78).

How is this story about the genealogy of the property law in Egypt related to the tobacco law in Turkey? The origin of the tobacco law goes beyond the formal legal institutions of Turkey, as was the case in Egypt. The law imposed by the West was put in practice in both countries as universal legal practices. In Egypt, all property was owned by the state under the Ottoman Empire. As the doctrine of state ownership of land in Egypt did not correspond to the modern notion of private property, the doctrine of the state monopoly over tobacco in Turkey did not correspond to the notion of the free market economy. The arbitrary power of politicians and the irrational allocation of resources must be abolished and replaced with an efficient and competitive system. The Turkish government, like the Ottoman ruler Isma'il, was drowning in debt, which made the country vulnerable against the policies of the IMF and the World Bank. In order to receive the essential loans to fix the economy in the country, the tobacco law would be enacted.

"The principles true in every country" can be translated as the standard policies of the global institutions in today's world. These standards convert the economic and political structures of nonwestern countries into accessible spaces. What would happen

after the application of the tobacco law will be discussed in the following chapters.

Suffice to say that, the goal of eradicating the arbitrariness of local politics would be replaced with the other arbitrariness of free market economy, but this time, working in favor of different actors.

### *The Tobacco Law*

On January 3, 2002, the Turkish Parliament ratified the Tobacco Law, number 4733. The new law was fairly short with 12 articles compared to its predecessor law of 1117, which provided a very detailed explanation of the legal procedures of tobacco production and exchange in 120 articles.<sup>38</sup> What is interesting and novel about the law of 4733 is its reference to regulations and by-laws instead of providing information on the issues. In other words, the law seems different from conventional Turkish laws regarding its format, being like a manual, rather than an explanatory legal text. The law basically brings about four major changes: the elimination of support purchases; changing of tobacco marketing systems; privatization of the state tobacco monopoly, TEKEL; and the establishment of a tobacco regulatory board, TAPDK.

The new law aimed to open up the market to competition by ensuring that tobacco prices would be established in a free market setting. Until then, the government supported tobacco farmers by buying the entire crop they produced every year. It was argued that

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<sup>38</sup> While in the law of 1777, 23 articles were about tobacco production, 17 articles were handling the tobacco marketing and 32 articles were regulating the miscellaneous issues, in the new law, there is only one single article about the production and marketing of tobacco (Gumus 2004, 28-29).

the state-subsidized system encouraged overproduction and increase of tobacco surplus in the depots of the state-run monopoly, which would be left to rot or literally be burned up. It resulted in an increase of the cost of manufacturing tobacco products in Turkey, raising it to a figure above international market rates, thus making it uncompetitive.

The law replaced the price support system with one based on contract farming or auction sale system. The application of both systems together is an uncommon practice in tobacco producing countries (Gumus and Guler-Gumus 2004). The law embraced both of the systems (the EU tobacco contract farming and the U.S. auction sale system), though in practice contract farming would be the single working mode of production in the future.

Under contract farming, tobacco growers would agree to sell their tobacco at a predetermined price negotiated with buyers before the planting season. In auctioning, on the other hand, growers would be able to sell their tobacco to buyers after the production cycle. However, the auction sale system would only be applied for the unsold crop under the contract system.<sup>39</sup> Nature does not always work in accordance to the calculations of human beings and sometimes leaves them with intricate problems, such as oversupply of crop. Farmers with oversupplies either apply for the regulatory agency to hold an auction sale or sell it under the table to tobacco companies (as discussed in Chapter Five).

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<sup>39</sup> Auction sale system was not put into operation in Turkey given that neither the intermediary bodies directing the auctions nor the competitive environment with a diversity of tobacco buyers were established. Furthermore, tobacco companies have never preferred the auction sale system, since the prices could dramatically increase, as the competition would grow. Since the companies compete to sell crops to multinational cigarette manufacturers at a good price, they aspire to control the prices that is only possible under contract farming.



Tobacco cultivators mostly prefer the latter option, as they have to deal with a series of bureaucratic correspondence in the auction sale, and wait for a serious amount of time that would lead to the deterioration in the quality of the crop. Furthermore, farmers do not necessarily earn more in this auctioning system. Besides, the opening price of the auction is half the price of the average of the exported tobacco of the last five years. It is not a secret that the leaf companies negotiate with each other to buy the tobacco for the opening price which makes the entire auctioning system meaningless. Therefore, contract farming stands as the single way of producing tobacco in Turkey.

The contracts, signed over a one-year period with cultivators, include details about the production, such as the responsibilities of cultivators and companies, transportation of the harvest, marketing, and procedures of conflict resolution between farmers and companies. Only the cultivators signing contracts are recognized as tobacco farmers. The contract goes beyond being an explanatory text about the details of tobacco production and works as a tool reformatting the entire tobacco market (see Chapter Four).

The new tobacco law also regulates the production and sales of tobacco products. The legislation requires all cigarette manufacturers in Turkey to turn out at least 2 billion cigarettes a year and more than 15 tons of other tobacco products in single shift.<sup>40</sup> Production facilities must operate in advanced modern technology. Manufacturers meeting these conditions are able to import both leaf tobacco and cigarettes.<sup>41</sup> It is

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<sup>40</sup> However, the Council of Ministers preserves the right to decrease the 2 billion units capacity limit in following years.

<sup>41</sup> Although there was a strong argument for adding an article obliging companies to use a certain amount of Turkish tobacco in their brands, the government did not accept this suggestion.

obligatory to acquire the "Tobacco Trade Authorization" certificate from the newly established regulatory board to be able to engage in tobacco trade and export, and companies producing cigarettes without government permits are penalized by huge fines and face imprisonment.

The new law also mandated the incremental privatization of the state monopoly for alcoholic beverages and tobacco, TEKEL (General Directorate of Tobacco, Tobacco Products, Salt and Alcohol Enterprises). Before the legislation of the new law, the monopoly not only controlled and regulated the production of tobacco, but it was also the biggest buyer of tobacco and a crucial cigarette manufacturer. TEKEL directly intervened in the market by setting the maximum price for the best quality (grade A) tobacco and making support purchases. It also held the authority to designate the lands available for cultivation; to register tobacco farmers; and to regulate the marketing and leaf processing in the country.

After the enactment of the tobacco law, the state began the privatization procedures for TEKEL. The immediate privatization of the alcohol section in 2003 was followed by the tender for the tobacco division. Japan Tobacco International (JTI) outbid all of its rivals with a \$1.15 billion offer but the Privatization Administration canceled the sale, suggesting that the offer was far below the expected amount. Following this controversial first attempt, TEKEL was restructured with a goal of increasing its efficiency and thus, its potential price. Its several offices were shut down. The amount of tobacco in the company's inventory was decreased and TEKEL, which had been running at a loss, began to generate profits. After the second unsuccessful privatization attempt,

the sale of cigarette brands separate from the company's privatization was considered but then the decision of selling TEKEL as a whole was readopted. In the third attempt, TEKEL's tobacco division was at last privatized. British American Tobacco (BAT) won the tender with a \$1.72 billion bid in March 2008. TEKEL held a 29 percent share with sales of 32 billion cigarettes in 2007, a sharply shrunken portion when compared to its 70 percent of market share five years ago. With privatization, five TEKEL factories were sold, while facilities in Istanbul were leased. TEKEL used to employ roughly 15,000 people and its operating profits were 199 million Turkish Liras in 2006, which made up approximately 38 percent of the domestic market. TEKEL workers as well as tobacco experts, farmers, chambers of agriculture, and several civil society organizations reacted to the company's sale fiercely.<sup>42</sup>

One of the most important aspects of the tobacco law is its setting up the "Regulating Agency and Board for the Tobacco, Tobacco Products and Alcoholic Beverages Markets," TAPDK. The regulatory agency was established by the Article 2 of Law no 4733, and started to function in July 2002. The law has transferred the monopoly's previous administrative role (such as providing and enforcing implementing regulations, monitoring and surveillance for sales and production) to TAPDK. Yet, different from TEKEL, TAPDK does not hold the responsibility of purchasing tobacco. The regulation is required as the prerequisite of a competitive market economy by diminishing the role of the state and its intervention to the market. The agency's president

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<sup>42</sup> The fieldwork was conducted prior to the TEKEL's privatization and will not analyze the repercussions of monopoly's privatization.

and board members are appointed by the Council of Ministers.<sup>43</sup> TAPDK is an independent organ in fulfilling its duties, and has financial and administrative autonomy.

In the following pages, based on my research on the parliamentary minutes, I will illustrate how the new tobacco law was debated in the Turkish Assembly. This will be followed by another analysis grounded in my fieldwork in the EU meeting held in 2006 to discuss an amendment in the tobacco law.

### *A Gift to the IMF*

The parliamentary discussions about the tobacco law mostly concentrated on the criticisms of the government's unconditional acceptance of the law with the imposition of the IMF. The debates centered around Turkey's relationship with the IMF. At the time, the IMF was holding a loan of \$16 billion for Turkey, which the government desperately needed to fix the economy, which had collapsed after two financial crises. The immediate cure would be to receive the loans from international financial institutions. While the IMF Managing Director Horst Koehler made it explicit that financial support for Turkey would continue, but was "tied to conditions", the Director of the World Bank, Ajay

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<sup>43</sup> The tobacco board is a body of seven experts appointed by the government among candidates (two each) proposed by the ministries of finance, health, agriculture, the treasury, external trade bureau, chambers of agriculture, and the tobacco monopoly. Among the first board members of this authority, there were neither tobacco farmers, nor farmers. The chair of the board was a civil servant who studied management and then worked as the deputy director of TEKEL. Along with him, there were a doctor, three engineers, two economists. In the hierarchy of expertise, economists usually capture the first rank in Turkey.

Chibber, stated that “[a]ny possible delays in the economic program would result in high costs for Turkey.”<sup>44</sup>

During the 1980s, conditionality as a new global approach emerged in the Bretton Woods institutions. The Fund and the Bank decided to provide aid in return for certain commitments to policy reform. They believed that aid could be an incentive for undertaking necessary political change. The international support for damaged economies has become a tool forcing countries to accept global policy reforms. This approach has been criticized on the grounds that “[p]olicy change was the price which governments would have to pay for aid; or equivalently, policy change would be what donors bought with their aid” (Collier 2004, 9). The imposed reforms have been interpreted as interventions into the sovereignty, and resulted in heated discussions. Having been aware of the criticisms, both the IMF and the World Bank defend their policies with the argument that the aid receiving governments are responsible for the implementation of these programmes. They suggest that the Letters of both Development Policy (the World Bank) and of Intent (the IMF) are the documents in which governments propose what they plan to do with the requested financial assistance. Thus, the conditions of a particular loan are not determined by the Fund or the Bank, but by the representatives of the borrowing government. According to the views of the Fund and the Bank, the economic aid promised under the policy of conditionality in fact aims to respond to the requests of countries in need of “technical assistance.” The tools provided for these countries are meant to deal with “administrative bottlenecks” and “management

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<sup>44</sup> “Turkish Leader Rounds on IMF,” *BBC News*, July 7, 2001; “Chibber’dan Uyari,” *Radikal*, June 01, 2002.

problems” and not to interfere in a government’s political affairs (Anders 2005). Yet, as Anders illustrates in the case of Malawi, international financial institutions do not perceive their early negotiation and planning phase of reforms as political interference. The policies might be implemented by governments in the last instance, but the very policies are in fact shaped, planned and introduced by the international financial institutions.

In order to receive the necessary loan, the Turkish government had to swiftly implement the promised reforms, including the tobacco law. The opposition parties immediately reacted to the proposal. They announced that the government “was working for the interests of the IMF and world [tobacco] monopolies,” the proposed tobacco law was “blood money given to the IMF” and “a gift to the IMF.” In the Assembly, a deputy showing tobacco leaves in his hand claimed that they were given to him by farmers in eastern Turkey who told him:

Give these [leaves] to the Prime Minister, who is going to the U.S. Tell him to put the leaves in his gift basket. Tell him to give one leaf to the chief of the World Bank, and another leaf to the chief of the IMF.<sup>45</sup>

The tobacco (law) was not only a gift for the IMF but also for the U.S. Another deputy from the opposition party stated:

Look, what do the newspapers say? ‘What will the Prime Minister give to Bush as a gift when he goes to the U.S?’ What else can the Prime Minister give?! He is handing the Turkish economy over the U.S and putting the Turkish nation under the U.S control. What could be a better gift for Bush than this?<sup>46</sup>

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<sup>45</sup> Mahmut Goksu from the Justice and Development Party, *Parliamentary Minutes*, Term 21, Legislative Year 4, Session 46.

<sup>46</sup> Alaattin Sever Aydin from the Happiness Party, *Parliamentary Minutes*, Term 21, Legislative Year 4, Session 46.

“The gift” (given to the IMF) was in fact compulsory and interested, as Mauss brilliantly discussed in *Essai sur le don*. Deputies in the parliament, though unfamiliar with Mauss and his work, knew very well that the gift was given to receive another gift, the crucial loan from the IMF. But it was also known that this gift would come with “with a burden attached to it,”<sup>47</sup> as is the case in every gift-exchange. Another deputy also criticized the government with these words:

I would like to state something that is already well known. You are listening to outsiders, not us and not the people, and you don't get lessons from experience. Let's announce what is already well known, this law is ordered by the IMF. Let's ignore the medicine, prescription, and treatment offered by your doctor Mr. IMF. As you see, the same diagnosis, same prescription, and same treatment did not work for Senior Argentine, who is in a coma now. You seem dazzled and there is no clue when you will wake up and come to yourself. It seems there is no hope.<sup>48</sup>

In spite of the criticisms, the law was passed in the parliament in June 2001.

However, the Turkish President would veto it next month on the grounds that the implementation of the law would seriously harm tobacco farmers' interests. The President also stated that national tobacco production would deteriorate since the unprotected domestic tobacco sector was not strong enough to compete with international tobacco companies. The President's explanation why the tobacco law should not be ratified in its current form was one of the best analyses about the law so far. Immediately

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<sup>47</sup> In “Gift, Gift,” Mauss (1997) explains the obligation to return gifts with reference to the ambivalent and ambiguous etymology of the word gift in Germanic languages. The word gift has a double meaning those of *present* and *poison*. This uncertainty anticipates the conjoined pleasure and displeasure when we receive gifts. Moreover, Benveniste (1997) goes one step further while discussing the indecidability of the gift. He shows that in Indo-European languages, the words derived from the root \*do- both mean give and take. Another example of these words is *pharmakon* (medicine or poison), which is discussed by Derrida (1982) under the category of “undecidables.”

<sup>48</sup> Deputy Ilhan Aytekin from the Truth Path Party, *Parliamentary Minutes*, Term 21, Legislative Year 4, Session 46.

after the President's veto, the Prime Minister announced that "the President's rejection of the tobacco law was political and not legal."<sup>49</sup> He criticized the President for blocking the law, and therefore, postponing the Fund's loans, which were desperately needed at the moment. After emphasizing the necessity of the President's non-involvement in political decisions, the Prime Minister made it clear that the tobacco law would pass through the parliament sooner or later. As stipulated, the coalition government brought in the tobacco law again to the parliament five months later and eventually the law was ratified without having gone through a single change, despite the initial veto of the President. The opposition parties criticized the coalition government for making a decision that ignored the will of entire nation.

The President's veto was not the single event that turned the enactment of the tobacco law into a crisis. Two months before the President's veto, in May 2001, the Minister in charge of privatization, Yüksel Yalova, was forced to resign after making a statement about Turkey's agreement with the IMF regarding the tobacco law. To the questions of journalists about the tobacco law that was promised to be enacted in May, Yalova responded that "[w]e can't prepare a hasty scribble of a law on an issue that concerns 600,000 people just by sitting down and saying, 'We promised it in May.' Whoever made that pledge [to the IMF] is responsible for the delay. I have not made such a pledge."<sup>50</sup> These remarks were interpreted as a sign of discord in the coalition

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<sup>49</sup> The President in Turkey is supposed to have a symbolic power, rather than a political one. The President can veto the law passed from the parliament only for once. If the parliament sends it back to the President without making any changes, the President has to ratify it. But, if the parliament makes even one single change on the law, then the President will have the right to return it back to the parliament once more.

<sup>50</sup> Kemal Balcı, "Resignation Boots Economic Program Success," *Turkish Daily News*,



government about the economic recovery program, and caused shares on Istanbul's stock market to drop by 5 percent. Turkey just teetered on the edge of another economic crises because of these comments. In the end, the minister had to resign.

But why did the tobacco law create so much bewilderment in the country?

Though tobacco production was one of the basic agricultural revenues in the country, the series of events, such as the persistence of the IMF on the enactment of the tobacco law for the release of the loan, the resignation of a minister followed with a threatened crisis, the vetoing of the law by the President, make it very difficult to comprehend the fuss about an agricultural crop. What was so crucial about tobacco and thus the tobacco law?

The tobacco law became a ground on which the debates about international financial institutions, such as the IMF and the World Bank, were discussed in the country. All the abstract concepts, national sovereignty, independency, and autonomy were embodied within the discussions of the law. This controversy was not actually about tobacco law *per se* but about the direction that Turkey should follow. As one deputy in

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June 02, 2001. In the same article Balcı connects the disagreements within the cabinet over the Tobacco Law to the different approaches of the two largest conglomerates of the country. The Sabancı group, which has been producing cigarettes in Turkey in partnership with the Philip Morris company wanted the tobacco law to give the privilege to import tobacco to those companies that were producing over at least 2 million cigarettes a year (and the law would pass with this article). On the other hand, the Koç group, which established a partnership with the British American Tobacco company, but not yet made investments, wanted the tobacco import license to not be indexed to a certain level of cigarette production. In this war of interests between the two conglomerates, Derviş, the State Minister responsible for the economy, in line with the import liberalization principle of the IMF, sided with the Koç group, while Yalova, the Minister who had to resign, sided with the Sabancı group. The two conglomerates were fighting for establishing their dominance over the \$3 billion cigarette market and their struggles were also echoed in the political realm. Thus, Yalova's resign might be more related to his struggle with Derviş about the multinationals', rather than standing up for the rights of tobacco cultivators.

the majority clearly put it, it was about being the “proponents of the free market economy or the state-controlled economy.”<sup>51</sup> It was about embracing the requirements of the IMF and the World Bank or not, or in other words, to fully integrate into neoliberal economy under the conditions of the Bretton Woods institutions. In the discussions over the tobacco law in the parliament, the Minister in charge of privatization bluntly depicted the situation:

It should not be forgotten that [the Turkish government] has given promises to the International Monetary Fund considering the tobacco issue. [...] Now government has two options: Either this promise would be disavowed, or it would be kept. The correct option is to uphold the promise. [...] According to the statements of the deputies of the opposition parties, [we enact this law] because of the IMF. It is true that the IMF asked us to enact this law. But if you are sincere about the free market economy, you need to do this. In other words, if you have both free market economy and monopolies, it means that you are not playing the game according to its rules. What would emerge is totally a different entity, neither a free market economy, nor a hybrid but a *sui generis* system. Within this system, nothing can be achieved since we tried it before, and could not get anywhere.<sup>52</sup>

What is very striking and interesting about this quotation is the minister’s incredibly direct and clear explanations. The minister is unequivocal about the fact that the law would be passed because of Turkey’s “promises” to the IMF. His total emphasis was on the requirements of global economic order and the smooth passage to the free market economy. Even the discourse of the opposition parties was surprisingly similar to this argument. The majority of debates did not tackle the questions of the rights of cultivators, or the changes in the mode of tobacco production, but concentrated on the themes of Turkey’s sovereignty, national will, independency and interests. The national

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<sup>51</sup> Ali Uzunirmak from the Nationalist Movement Party, *Parliamentary Minutes*, Term 21, Legislative Year 4, Session 46.

<sup>52</sup> Ekrem Pakdemirli from the Motherland Party, *Parliamentary Minutes*, Term 21, Legislative Year 4, Session 46.

independence war in the early twentieth century, the nationalization of the *Regie*,<sup>53</sup> and protecting natural resources from the foreign forces in the Kemalist era were the examples uttered to demonstrate why the tobacco law should be rejected. The tobacco law represented the abandonment of national sovereignty and passing it over to international financial institutions and foreign capital in the form of concessions, which were resisted a hundred years ago by the Kemalist regime.<sup>54</sup> The heated discussions on national sovereignty and independence thwarted the formation of a substantial dispute about the content of the law.

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<sup>53</sup> The *Regie* was a foreign controlled tobacco monopoly agency established to raise revenue from tobacco in order to settle the Ottoman foreign debt. Following the bankruptcy of the Ottoman government in 1875, the French bondholders persuaded the Debt Administration to establish a separate institution that was the *Regie*, to regulate and tax tobacco. For so many people in the Turkish tobacco sector, the *Regie* symbolizes European imperialism. The *Regie*'s limitation of tobacco fields, the difficulty of getting tobacco license, its disappointing pricing and moreover, the strict measurements against smuggling that ended up with the killings of tobacco farmers, still survive in the collective memory of people in Turkey [see Chapter Seven for the details].

<sup>54</sup> For example, the restoration of the first Parliament Building by Philip Morris in 2001 is another incident, which triggered the nationalist feelings of Kemalists in Turkey, who regarded it as the reinvasion of Turkey by imperialist forces after 80 years. Mustafa Yıldırım, in the Kemalist newspaper, *Hakimiyet-i Milliye*, compared today's Turkey with the days of independence war by referring to Philip Morris' "postmodern" decoration of the Assembly building: the old wooden picture frames were replaced with laminate frames; the pictures showing the "Turkish genocide" by Armenians were gone; the seats were all leather covered; the curtains were changed with velvet good quality ones; the signs were now in English, such as "Speaker's room" or "President"; new hardwood floor was placed, etc. But the worst, for Yıldırım, was the sign hanged at the entrance of the General Assembly stating that "the restoration was made by the Philip Morris Company". Yıldırım argued that a petition signed to take the sign off the wall and added that the petitioners were ready to repay the restoration cost of \$500 thousand to Philip Morris. But in return they received a letter that nothing can be done on this matter. See for details, "Philip Morris - Sabancı Vakfı ve İstiklal Meclisi'ne Saldırı." <http://www.hakimiyetimilliye.org/index.php?news=831>.

*A meeting in the Turkish Assembly*

About five years after legislation of the tobacco law, I attended a meeting concerning an amendment in the law in another building of the General Assembly. It was the meeting of the Committee for the Adjustment to the European Union. In the room everybody was quietly listening to the minister, who was monotonously reading the reasons to issue a new bill that would change the law. The proposed bill aimed at granting certain rights to the employees working in the tobacco regulatory agency. But according to rumors, the real goal was to open the way for possible alterations in the structure of the regulatory board, rather than to issue new employee rights. With this change in the law, the current government would be able to recruit its own cadres to the institution, which had been filled with the previous coalition government's members. The board members' positions in regulatory agencies were secured for five years and could not be terminated. The cadres of regulatory agencies have become the battlegrounds of political parties that compete to dominate these institutions.

With about 25 deputies from both majority and opposition parties, the Committee for the Adjustment to the European Union holds regular meetings to investigate the proposed legislation's accordance to the EU criteria. Civil officers whose institutions are subject to the proposed changes also attend these meetings. In this particular meeting, several members of the tobacco regulatory agency were present in order to inform the deputies about the possible questions on the law and the institution. I was able to get into the meeting with several tobacco experts after receiving a special pass with the help of a young deputy in the majority party who was pursuing his PhD in political science at the

moment. Just before the committee meeting, tobacco experts and I visited his office to inform him about the tobacco law enacted in 2002. The first question he asked was where the tobacco law had originated, a typical question implying that Turkey, like many other developing countries, has not always passed laws or regulations relying on its national will but with the imposition of international institutions. One of the tobacco experts quickly replied: “the IMF wanted it,” as I had heard it several times through the course of the fieldwork.

In the EU meeting, when the Minister finished his dull reading, the deputies seemed clueless about what the proposed change was really about. The members of the Committee are required to discuss a wide-range of issues in one-day meetings but they are not well informed about them. As one of the deputy frankly confessed in the meeting, the members usually did not have an in-depth knowledge about the proposed laws. This explanation actually fit with my observation. Nobody seemed to have any questions and the change in the tobacco law seemed to be ratified as it was proposed. But surprisingly, the silence that was dominant in the room vanished, when the young deputy we had contacted and informed before the EU meeting, started to ask questions to the head of the tobacco regulatory agency. I realized that this was not an expected move. First, as a junior deputy of the majority party, his intervention was not very appropriate. It would be risky for him to question the party’s decisions, especially in a meeting directed by a politically powerful minister who was known for his stern attitude. And second, the Committee had to go through a bunch of other adjustment matters, and at this point, a long discussion about a simple matter like tobacco (not human rights or banking sector) seemed to be a waste of time. However, his incessant questions inspired the deputies and

the quiet meeting turned into a big discussion. I was very much surprised to hear the young deputy's sharp questions and appropriate explanations given that he barely had any idea about the tobacco law before our visit to his office two hours ago. He was repeating one by one what the tobacco experts had criticized about the law, and using the report that I had provided for him (basically a fact sheet) to support his arguments. It was a turning point in the meeting. The discussion shifted from a *technical* matter (granting rights to the employees- at least as it was presented), to a *political* one (the tobacco law). I could not help but keep thinking what the meeting would be like, if the tobacco experts and I had not chased the young deputy for a month (our requests to meet with several deputies were either politely turned down or the ones we contacted did not seem to be interested in the issue), traveled from Izmir to Ankara just to meet him, and found the opportunity to inform him on the same day just before the meeting. Obviously, the legal network was extended to the tobacco experts, whether or not their intervention would make a difference in the legislation process in the last instance.

The argument was heated when the draft proposal was sidestepped and the questions focused on the origins of the tobacco law, ie. *why* a tobacco law was needed and a tobacco regulatory agency established in Turkey. In the end, a deputy from the opposition party asked the crucial question: if the European Union countries had equivalent laws and regulatory agencies in their countries. The question was fundamental as this Committee was established to examine the adjustment conditions of the Turkish laws to the EU criteria. The answers of the members of the regulatory agency were ambiguous and confusing. While one of civil servants claimed that, "in Sweden and Finland, there are equivalent institutions," another officer wanted to correct her, "no, in

fact, the tobacco regulatory board only exists in Switzerland and Canada,” but the argument did not get clarified since a third officer insisted on his argument that “the EU countries do not have tobacco regulatory agencies.” The board members’ ignorance of which countries were the EU members as well as of the institutional origins of the agency made them the target of criticisms in the meeting.<sup>55</sup>

What struck me in this debate was that in spite of the well-known fact that the law was the outcome of the IMF policies, the Committee members wanted to skip this “detail,” and tried to legitimize the law within the boundaries of the EU criteria. Interestingly, while the parliamentary discussions five years ago centered on the criticisms of the IMF’s imposition of the law, in the EU meeting, there was no mentioning of the IMF at all. Some of the deputies who had been in the parliament five years ago, and maybe even participated in the heated debates about the IMF and national sovereignty, were now in an effort to find the origins of the law in the EU criteria. This deliberate “forgetting” might be related to the changed positions of the political parties. The opposition party in 2002 became the majority party in 2006, and now had no intention to abolish a law that it used to criticize. The current opposition party, on the other hand, which had ratified the law, now preferred to talk about anything but the IMF connection. The past of the law was deleted and it was now introduced with a new agenda.

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<sup>55</sup> There are several tobacco regulatory agencies in the world. The Tobacco Marketing Board, Zimbabwe, The Tobacco Control Commission, Malawi and the Tobacco Board, India are institutions that seem equivalent of the board in Turkey.

When the law was enacted in 2002 in line with the requirements of the IMF, it was not necessarily in accord with the EU tobacco policies. The divergence between the reform policies of international institutions illustrates the absence of coherent and monolithic global consensus. How the countries such as Turkey reconcile and comply different policies of various institutions remains as an interesting question. It seems that the Turkish government, even though it would wholeheartedly want to implement these reforms, had to adjust them and find a midway to satisfy the demands of both international actors. The reforms imposed by the IMF and the World Bank, especially when undertaken within the periods of financial downturns, had drastic impacts in the short term, whereas the EU policies seemed to be embraced after long-term negotiations.

The Turkish government prepared a national program to adopt its administrative, political, economic and social structures to *Acquis Communautaire* of the EU in a report of “National Program for the Adoption of the *Acquis*” dated on 19 March 2001. In this report, Turkey made significant reform commitments to the EU on regulatory agencies, of which tobacco regulation was one. However, as I was told many times, the conditions of the tobacco law were far more radical than the requirements of the EU. When a high-ranking civil servant at the tobacco regulatory agency organized a one-day workshop about the legal framework of tobacco production in the EU countries, he stated that the basic characteristics of the Turkish and the EU tobacco sectors were considerably different from each other. The EU law had been supporting tobacco growers, unlike the case in Turkey, where the subsidies were abolished as of 2003.<sup>56</sup> In Turkey, the new

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<sup>56</sup> According to the EU regulations, the decoupling of direct aid to producers (cutting the link between support and production) and the introduction of the single payment scheme



tobacco law suddenly cut off all the subsidies provided for tobacco growers on the basis that it was the case in European countries. However, phasing out subsidies was a decision basically imposed by the IMF due to the huge deficit in the Turkish national budget, and it had nothing to do with the EU agricultural policy. The Common Agriculture Policy of the EU has regulated the tobacco sector by keeping the demanded kind of tobacco amount at a certain level while subsidizing the alternative crops which would replace unmarketable types of tobacco. The EU's approach was as a long-term process, while Turkey's agricultural program remained as an abrupt policy, not a real solution, as the government removed agriculture subsidies in a year.<sup>57</sup> Moreover, the EU's implementation of tobacco contracts, control agencies, and quotas are significantly different from that of Turkey.<sup>58</sup>

Over the course of my fieldwork, I repeatedly witnessed that the EU has served as a cover for the enforcement of radical reforms in Turkey. The most striking acknowledgment came from a deputy in the majority party whom I interviewed. He criticized several politicians for deliberately manipulating the EU regulations with the purpose of shifting the responsibility of severe policies, so called "bitter-medicine," to the Union. When the legitimacy of certain reforms cannot be based on the national will and politicians refrain from taking responsibilities, the reforms are legitimized under the

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would incrementally put into operation. This new support system, independent of the crop, will begin in 2010 after 4 years of adjustment period. In the four-year period, the tobacco cultivators will get 40 percent of single payment and 60 percent of production support from the EU.

<sup>57</sup> For more on the recent changes in Turkish agricultural policies, see (Kendir 2003; Oyan 2002).

<sup>58</sup> For more on the comparison between the Turkish and the EU tobacco sectors, see (Ataseven 2005; Guler-Gumus 2003, 2005; Gumus and Guler-Gumus 2004).

pretext of the “requirements of the EU” of which the EU officials are not aware. The discourse on the EU seems to have gained a different instrumental role in the functioning of Turkish political culture.

In the EU meeting, the tone of the discussion escalated, when one of the deputies from the opposition party accused the government of passing “every law on the basis that it was required by the EU.” Upon criticisms, the Minister of State directing the meeting felt the urge to conclude the discussion with a brief explanation: “regulatory agencies become prevalent in the world. A lot of institutions must keep their distance from politics [...] These regulatory bodies make policies proceed technically.” The minister’s reply is worth exploring. First, his explanation implies that the government recognizes the global policies about the necessity of *technicalization* of administrations, through the delegation of the power of politicians to regulatory bodies constituted of experts. And secondly, his emphasis on “*technicalization* of decision-making in the regulatory agencies” is a reflection of the moment. The Minister’s reply did not answer the question about the reasons for the establishment of regulatory agencies, but simply locked all the possible political debate in a black-box named *technicality*. In other words, the discussion on the *technicality* of boards, turned the decision making in the meeting to a *technicality* as well.

The “messy” circumstances of politics were circumvented. During the discussions in the Assembly, the possibilities for debate and confrontation were dismissed on grounds that regulatory agencies would work with technical knowledge. Since the policymaking in the agencies would simply be a technical assessment under the guidance of experts, the discussion of such a delegation of power to these organs also seemed irrelevant. The fact

that experts would make decisions on particular areas that they have been specialized in implied the necessity of the non-involvement of politicians and politics. The decision making process was completed without having to engage in what is normally called politics.

Before and after the ratification of the law, a series of events happened in the political scene, such as the vetoing of the law by the President, and the resignation of one of the ministers. The fact that the law was not originally crafted in the country engendered criticisms against the current government without producing a real discussion of the law itself. The law was regarded as an instrument, “a means to an end.” This has been the prevailing idea in legal studies for a long time and I have no intention of criticizing it. On the contrary, I find the argument of “law as a tool” or “law as a machine” very productive. The black-box of “law as a machine,” turning the decisions into policies, must be explored. Yet, I believe that the machine, the tobacco law that I have been exploring, was different from other laws. The plan of this machine was imported from the West. The voltage, the air, the cable in this country were different from where the machine was produced. The set-up seemed to be the same, but the inputs and thus outputs were different. Therefore, the discussions of the machine itself took a different way too.

The instrumental understanding of the law was still there in the discussions, but with a difference. The law was a means to an end, but this end had little to do with tobacco production or exchange. The debates surrounding legislation process have demonstrated that both the IMF and the Turkish government perceived the tobacco law as

a device to achieve certain ends. On the one hand, the IMF was looking for ways to amend Turkish law to bring it into line with the so-called “global standards” of “the market.” The tobacco law should be reorganized to serve the interests of the free market economy. On the other hand, the Turkish government considered the law as a way to receive loans from international financial institutions. The collapsed economy must be fixed with the loans received from the Fund. Surprisingly, the discourse of the IMF and the Turkish government regarding the law as an instrument to reach their own goals complemented each other and also prevented the development of an insightful discussion of the law itself.

The instrumental understanding of the law is not just an idea. It constructs the way in which policymakers see and make laws. Regardless of how the imposed tobacco law would function *de facto*, the Turkish government determined to enact it and establish the institutions in line with global policies. The IMF, on the other hand, is well aware of the possible digressions in the legal practices, but still makes national governments enact laws in parallel to their commitments to global “principles true in every country.”

## **Chapter 3**

### **Policy in the Making: Conflict and Speculation**

This chapter is an attempt to show how institutions imported from “outside” work in receiving countries. How are their policies being justified and implemented? Do these institutions work like their counterparts in other countries? Are these institutions and their policies able to constitute the desired “global standards” in national contexts?

The standardization is not limited to the tobacco seeds, experts, reports, laws, but also includes institutions. However, when the undertakings of institutions are observed, as I will show below, what we encounter is nothing like ready-made policies, but emerging technocratic practices that are being shaped through a series of interactions among different actors. Technocratic policies seem to be formed in an environment of massive uncertainty and ambiguity, rather than coherent, stable, and straightforward systems of global policy and/or national governance.

There are a number of scholarly works (Anders 2005; Dunn 2004; Elyachar 2005; Escobar 1994; Ferguson 2006; Li 2007; Schwegler 2004) that have examined the transfer and implementation of policies by international financial institutions in developing countries. The theoretical approach in these studies, mostly derived from the Foucauldian

concept of governmentality (1994 [2001]), illustrates how a global order of policy operates as a productive power by the legitimization of action that establishes individuals as governable subjects. My study also hinges upon this theoretical framework, i.e. rather than seeing global policy as imposed from a top to bottom process turning every local entity into a replica of its original, I see it as a complicated process through which not only are different forms of institutions, cultures of bureaucracy, and self-regulating individuals being produced but also new techniques of policy are being introduced.

The chapter aims to disclose the decision-making process of the tobacco regulatory board, TAPDK, relying on two themes: conflict and speculation. By examining the two conflicts that have taken place between various government offices and multinational cigarette manufacturers, I elucidate the tobacco agency's policymaking as a process being shaped by a series of interactions among myriad actors in the sector. Following the conflict is one of the established techniques in the anthropology of law (Marcus 1998). Here, I apply the same technique to the two disputes on tobacco. This approach enables me to go beyond the theories of "localization" and "indigenization" of global policies and institutions in national contexts.

I also employ the idea of speculation in this chapter. In opposition to the idea that policies are formulated in a structure of rational, structured and well thought-out ideas, what I have witnessed in the field is the powerful impact of speculation in the constitution of emerging policies. Being the trigger behind both conflicts, speculations had an ultimate governing role in the policymaking process. The regulatory agency, as will be shown, has developed an improvised version of policymaking hinging upon

expectations, predictions and speculations because of its inevitable belatedness in following the developments in the market.

This chapter also aims at revealing the disputes at the center of the politics and science involved. In both conflicts, when the controversies flare up in the political realm, recourse to the experts, reports, and engineers becomes pivotal. But before the discussion of the two conflicts, let me first summarize what regulatory agencies signify.

### *Regulating*

Regulatory agencies are the institutions that are empowered by the state's delegation of controlling, monitoring and regulating powers to a number of experts. The state's authority to make decisions is replaced by experts' discourses of what is legitimate, healthy, normal and correct. This has led to the possibility of the exercise of control, surveillance, and ruling over people across different space and time. Drawing on Latour's notion of "action at a distance,"<sup>59</sup> Miller and Rose (1990) termed "governing at a distance"; that is "acting from a center of calculation such as a government office or headquarters of a nongovernmental organization, on the desires and activities of others who [are] spatially and organizationally distinct" (Rose, O'Malley and Valverde 2006, 89). A network of loose and flexible linkages that is established among those who are separated spatially and temporally, and between events in spheres that remain formally

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<sup>59</sup> Latour's original use of this term (1988) was designed to illustrate the manner in which the outcomes of a scientific practice can have the universal applicability via their extension in space and time. Scientific knowledge has the ability to reconstitute the world outside the laboratory in its own image.

distinct and autonomous, enables to “govern at a distance.” Regulatory agencies can be seen as the knots in these networks combining a diverse range of human and non-human actors, which would not come together otherwise.

Moreover, like Latour’s mobile traces, which are “stable enough to move back and forward without distortion, corruption or decay, and combinable so that they can be accumulated and calculated upon” (Miller and Rose 1990, 9), regulatory agencies travel around the world as standardized institutions which govern the economic and social life in the places they settle. Relying in crucial respects on expertise, they attain power with their claims of neutrality and authority as well as their ability to remove themselves from the disputed terrain of politics and relocate in the realms of truth. The institutions are thought to remain outside political influence while they take decisions.

When the regulatory agencies first appeared in Turkey, many studies (Bayramoglu, 2005; Gunaydin, 2000; Islamoglu 2002; Sezen 2003, 2007; Sonmez 2004) criticized the argument that these institutions lay outside the domain of politics. The qualifications attributed to the agency such as autonomy, transparency, or objectivity are all questionable. Regulatory agencies, or any institution, can neither work in an apolitical setting nor be truly devoid of power relations. This is very obvious in the case of Turkey; the idea of establishing a tobacco regulatory board was imposed on the country, which had to pass 15 laws in 15 days to receive the necessary loan from the international financial institutions. Even the start of this process was fraught with power relations.

The argument that these bodies are laden with power relations has engendered a discussion in Turkish academia and media, on whose side the agencies are aligned, of the



state or market; public or private; monopoly or multinationals. Rather than seeing them as technologies that gain power by making different actors set into action the way they govern, the critics have preferred the shortcut explanation that the agencies work in favor of either public or private sectors.

The functioning of regulatory agencies is more complicated than what is presented in the form of either/or dichotomies. As I will try to show in the case of the tobacco regulatory board, it neither simply represents the interests of the private, nor of the public. It has been working in a *sui generis* manner, in which functioning could not be explained by the lines of its equivalents in other countries, nor simply in terms of “localization” or “nationalization” of global policies.

The next section will be devoted to a detailed argument of how the regulatory agency works in moments of conflicts. The two moments of crises in the history of the tobacco regulatory body are specifically chosen, as they reveal how the institution operates in practice, by stripping off the thick cover of the routines of traditional bureaucracy.

### *Conflict I: machines and reports*

During fieldwork, I accompanied tobacco experts on their trips to several cities and villages. The Tobacco Experts Association, established in 1948, was highly political and active in terms of defending the interests of the profession. Sometimes our visits were undertaken for technical purposes to report the condition of the current year’s crop, to see the changes in tobacco production, and sometimes to the offices of TEKEL in

various cities to inform other experts about the developments in the sector. One of our longest trips lasted more than 10 days and ranged from towns and cities of central Anatolia to the Black Sea region ending with a visit to the biggest cigarette factory of TEKEL. After meeting with other experts and visiting the factory, the long day ended with a dinner party thrown in the honor of the experts in a big nightclub/ restaurant. Sitting among about ten tobacco experts as the single woman at the table, I was fairly uncomfortable with the atmosphere, the high volume of the music, the tobacco experts' conversations with each other, which entirely ignored my presence, and the worst, the state of the inebriated officer on the other side of the table, who was the general director of the factory. When he asked the chief engineer to come and sit next to him, the tension at the table intensified. Anxious heads turned to them given that everybody at the table knew that they would not get along with each other. In addition to the conflicts of interests over certain promotions as well as divergence in political stances, their crucial disagreement happened to be over a recent scandal, which echoed in the media, about the machines that were recently bought for the TEKEL factories. After ten minutes, the two men's inaudible conversation turned into a loud disagreement followed by yelling, screaming, and cursing each other. When other experts left their chairs and tried to calm them down, the general director of the factory unexpectedly turned to me and started to tell the "realities of the scandal." My status surprisingly shifted from that of a non-existent woman to that of an outsider who could impartially judge who was right and wrong. But unfortunately, being unable to understand what he was saying, and clueless of what the scandal was about at that moment, I decided to research this incident in the following days. My investigation, which started after having witnessed an unprecedented

fight, would now rely on gossip, speculation and newspaper clippings (as the most “objective knowledge”), since formal talks on this issue were either prohibited or sidestepped.

At first, the scandal seemed neither exceptional nor interesting per se. Yet, as I learned more, I was more intrigued by the incident. First, the event’s significance stemmed from the fact that the two state institutions (TEKEL and the regulatory agency) openly accused each other of being corrupt. Their relationship with the private sector became the crux of their accusations. Secondly, both sides wanted to prove their argument based upon the “scientific and objective data” gathered by engineers and lawyers. Yet the experts’ reports, which were expected to explicate the entire conflict, turned out to be utter obstacles. They left both sides in ambiguity. This event itself shows how the tobacco regulatory agency works de facto.

In the 1990s, TEKEL had a very established place in the Turkish and world tobacco market as the fifth largest producer of cigarettes (TEKEL 1999). Having been the single tobacco company in the country for years, TEKEL did not develop any market strategies. As a Philip Morris officer explained to me, TEKEL’s market strategy was “a joke.” With the investments of multinational cigarette manufacturers in the country, the tobacco market had become more complicated and necessitated the introduction of novelties. With the constraints of losing its previous place in the market, TEKEL officials felt the urge to realize at least the basics of a rational company. The first big maneuver was to change the TEKEL’s outdated technology from the 1970s with a limited budget.

The story started with TEKEL's purchasing of several hard-box packing machines for its biggest factory in Tokat to gain power vis-à-vis the state-of-the-art technology of multinational cigarette manufacturers. Turkish smokers had come to prefer hard-box cigarettes after the introduction of American blend cigarettes. Hard-box cigarettes along with their functionality of "protecting the shape of the cigarettes" became very fashionable among smokers. As a result, TEKEL agreed to buy eight hard packing machines from Spain in June 2004. Each machine cost 13.8 million Euros and would be paid in 4 years. Everything seemed perfectly arranged up until the visit of two engineers from the TAPDK to inspect the machines in the Tokat factory. Their report that the purchased machines were actually not new triggered a vast row between TEKEL and TAPDK. On the one hand, the TAPDK officials asserted that, according to the tobacco law, all the purchased equipment of the tobacco factories must be new and thus these machines had to be dismantled and returned to the exporting country within the following 60 days. The TEKEL officials, on the other hand, being shocked by this report, stated that the machines were brand new. Besides, even if they had not been new, it would not have created a problem since the referred-to law was applicable only for prospective cigarette companies intending to establish new factories in the country. The law was really ambiguous about whether the already existing cigarette companies, including the monopoly, were allowed to invest in old technology or not.<sup>60</sup>

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<sup>60</sup> When the law was first enacted, the legislation required the production of at least 2 billion sticks of cigarettes a year and more than 15 tons of other tobacco products in single shift by establishments having "complete and new technology." In August 2003, the clause "complete and new technology" was changed into "integrated establishment." But in less than 5 months, it was again switched to the "complete and new technology."

At first, the two sides of the conflict tried to prove their validity by certifying the condition of the machines with the expertise reports. Several reports about the machines were written upon the request of the two sides: The first report written by the engineers working for the TAPDK claimed that the machines were used; the second report requested by TEKEL from the engineers of the Istanbul Chamber of Industry stated that the machines were not used; and the third report requested by the customs office from Istanbul Technical University announced that the machines might be old but were not used.<sup>61</sup> The reports were ambiguous but not ambiguous enough to file a legal case against the other institution.

Depending on the report stating that the machines were new, TEKEL applied to the court for the suspension of execution, i.e. the shipping of the machines back to Spain. But their request was rejected. However, this did not preclude TEKEL from applying to a superior court. In the end, the continuing legal proceeding in the courts was carried to the Parliament. In order to clarify the law, the majority party, the Justice and Development Party, intended to add an article to the tobacco law with the explanation that only the newly established cigarette factories were required to buy new machines. In this way, the majority party would open the way for TEKEL to keep the machines. However, already

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<sup>61</sup> Yalcin Bayer, "İlginc Uc Rapor," *Hürriyet*, November 30, 2005. The first report that was written by the TAPDK experts on November 8, 2004 stated that "[...] the chassis and skeleton of the machines are old and used; the machines were overhauled and repaired" and it also added that the machine parts were all collected from other machines. The second report of December 2004 declared that "no evidence are found that the machines were used." And lastly the third report written in July 2005 puzzled everybody with its confusing text: although "some experts determined that the machines were produced before the date of their announced date of production," the machines are new and unused.

alarmed by the corruption accusations in the press as well as by the criticisms of the opposition parties, they had to drop the proposal for the new regulation.

There lies another narrative beyond the technical debates about the used/unused and old/new machines. The reports of the experts would tell us nothing but remain as merely contradictory texts if not contextualized within the political power struggles of the two institutions. The machines became the hub of technical as well as political debates. The political aspect of the incident was there from the beginning but turned into a *technical* matter when the “evidence” could not be found. The incident started in the Parliament, when a deputy<sup>62</sup> brought up speculations about the purchase of hard-box packing machines. The deputy questioned the legality of the purchase with an interpellation submitted to the Minister of Finance, whose son was claimed to have been involved in the sale. The answer of the Minister to the question of the newness of the purchased machines was:

Either bought or leased machines must be “new and unused.” This condition is explicitly cited in the specifications and the contract. The company will hold the entire responsibility and be subjected to serious and significant sanctions if these conditions are breached. The subscribed conditions must be controlled during the process of purchase is Tobacco, Tobacco Products and Alcoholic Beverages Market Regulatory Agency (Underlined parts are in original).<sup>63</sup>

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<sup>62</sup> Dursun Akdemir from the True Path Party was the deputy who brought the issue to the Parliament in September 30, 2004 (interpellation number 7/3739).

<sup>63</sup> The answer of the Minister of Finance, Kemal Unakitan, on November 3, 2004 (number 7/3739)

The Minister put the regulatory agency in charge. After being *interpellated*<sup>64</sup> by the Minister, the agency would send its experts to the factory.

For several people in the media and parliament, the corruption was obvious. Their goal was to make the unseen story behind the corruption to be literally seen in certain documents, which would then be counted as real evidence. The legal process was working at the moment but the clarification of the case would take time in the legal realm since the ambiguity was everywhere, in the law, the interpretation of the law, the agreement, and the interpretation of the agreement. Thus, the alternative way to an instant exposure of the truth would happen by invoking the technical realm, where the evidence would supposedly be found easily. This is exactly what Latour means “when controversies flare up the literature becomes technical”:

When we approach the places where facts and machines are made, we get into the midst of controversies. The closer we are the more controversial they become. When we go from “daily life” to scientific activity, from the man in the street to the men in the laboratory, from politics to expert opinion, we do not go from noise to quiet, from passion to reason, from heat to cold. We go from controversies to fiercer controversies (1988, 30).

This is what happened in the machine conflict. The contenders of the dispute invoked technical reports but they would not yield what was expected. The pictures of the machines were taken by different experts, the reports were written, and the different data were circulated but the goal of exposing the facts was not achieved. The evidence in the reports and pictures of the machines was as ambiguous as the discussions. The technical

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<sup>64</sup> Drawing from Lacan’s work, Althusser (1977) coins the concept of “interpellation” in “Ideology and Ideological State Apparatuses.” He argues that individuals are *interpellated*, or ‘hailed’ into subject positions. Thus a policeman who calls to us is *interpellating* us into a subject position of subjugation by the state. In other words, we become what we have been identified as.

was fraught by political struggles and it could not transform what was opaque and ambiguous into a plain, transparent and absolute fact.

In the end, the machines were shipped back to Spain as several TEKEL officials were sent to the court. The high ranking officials of TEKEL as well as the ruling party vehemently criticized the verdict on grounds that it would leave the monopoly behind its competitors, and open the way for the cigarette multinationals to dominate the market. The TEKEL general director, who signed the agreement to buy the machines, implied that the multinationals played a major role behind the verdict:

The machines were very appealing. Philip Morris and JTI are playing a big game here. They are trying to destroy us as they know that TEKEL cannot make investments before its privatization.<sup>65</sup>

This argument was followed by a series of informal accusations that the TAPDK officials were in alliance with, and even bribed by, multinational cigarette manufacturers. Having been already suspicious about the establishment of a regulatory board under the commitments made to the IMF and the World Bank, several officers in the branches of TEKEL took it for granted that TAPDK was serving the interests of the multinationals. The nationalist discourse that had been on the rise in the last two decades in the country popped up in this case, too. Several tobacco experts I have spoken to argued that corruption might have taken place but the involvement of the regulatory board was wrong since what the monopoly was doing, corrupt or not, had a nationalistic purpose; i.e. strengthening the position of the tobacco monopoly vis-à-vis the multinationals. According to this argument, TAPDK as an institution of the Turkish state should have

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<sup>65</sup> Yalcin Bayer, "Tekel Nasil Kaziklandi?," *Hürriyet*, November 11, 2005.



been on the side of the monopoly. The stretching of the issue from corruption to the benefits of the Turkish state was not too difficult. The pretext of the incident was what the bureaucrats and politicians had done was wrong, but the end result of the “corrupt action” would have been for the benefit of the entire nation. The regulatory agency was blamed for not loving the country enough.

One of the most striking points about this row, which might be summed up as the incessant accusations of the monopoly’s corruption and of the regulatory agency’s serving the interests of “foreigners,” is the existence of faultlines within the state bureaucracy. The state is not a homogenous, monolithic and uniform apparatus in which the actors work in accord with each other. On the contrary, decisions are taken after several power struggles among these actors. The entire debate that emerged with a speculation and gained a legal status on the basis of controversial expertise reports is an example exposing how the state functions.

The idea behind the establishment of regulatory agencies all around the world is the goal of standardizing the basics of free market policies in different countries. However, in many cases, these institutions do not have ready-made policies. Up until the Minister’s calling of the regulatory agency to check the “newness” of the machines in the factory, or in theoretical words, until the agency was *interpellated*, it was not a subject in the story. By following a tobacco law of 13 articles, which is totally ambiguous in describing the duties and obligations, TAPDK was having a hard time figuring out what should be done or not. As one of the chief experts in the agency frankly confessed, the agency could have unlimited power or no power at all, depending on how the law was

interpreted. The role of the agency was not predetermined either by international or national institutions. Instead, its role has been changing according to the slippery relationships among these actors in the sector. The agency was carrying on its “duties” on the basis of what was expected from it.

### *Conflict II: tax and blends*

The second crisis came about six months after the “machine” scandal. This time the controversy was between the regulatory agency and multinational cigarette manufacturers about the taxation of the cigarettes. In three years (2002-2005), the taxes on cigarettes were changed seven times (DPT 2006, 77) but three of them seriously transformed the market structure.

The cigarette manufacturers starkly criticized the irregular changes in the taxation policy. They argued that the arbitrary decisions of politicians, based on the daily interests of the moment, was leading to an unpredictable and unstable market, which would make any kind of investments impossible. However, despite their criticisms about the irregularity and arbitrariness of policies, the multinationals have found ways to cope with and sometimes even take advantage of these changes.

Frequent policy changes in taxation actually stemmed from the Ministry of Finance’s response to the market strategies of the cigarette multinationals, which started especially with British American Tobacco’s (BAT) dropping of the sale prices of the two medium-price cigarettes about 20 percent in mid-2004. As a relatively new multinational cigarette company in Turkey, BAT was inclined to follow a very aggressive market

policy to attain a greater share in the market and looked for ways to pay less tax, which had climbed up to 71 percent in recent years. Other cigarette companies had to reduce their prices to compete with BAT, which led to a radical drop in the total amount of taxes paid to the government. Tax policies on cigarettes are crafted through the struggles between the government and multinational cigarette manufacturers. As soon as the multinationals have adjusted their marketing strategies, the government has modified its tax policies. The flexibility of the multinationals has become the biggest challenge for the government, which has been following the changes in the market always one step behind.

The next taxation change has a particular significance in demonstrating how the multinationals could stretch and adjust their market policies as well as technicalities to adapt to the emerging taxation system. After calculating that the price reductions of multinationals would cost 1 billion dollar per year to the government, the Ministry of Finance introduced new tax policies and increased ad valorem duty with a decrease in proportional tax to secure the revenues of the government. It reduced the proportional excise tax from 55,3 percent to 28 percent, and decided to adjust the lump-sum tax according to the usage of Oriental tobacco in the cigarettes.<sup>66</sup> The new policy did not influence the price of high premium American blend cigarettes, as the excise tax was reduced, but it hit the medium price range American blends, which would end up with a 30 to 80 percent price increase. The Oriental brand cigarettes produced by TEKEL were the sole beneficiaries of the new tax policy; as the proportion of the Oriental tobacco increased in the blends, the tax would be reduced. This system brought serious

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<sup>66</sup> Nilgun Karatas, "Sigaracilar Vergi Duvarini Asmak icin Formül Ariyor," *Hürriyet*, August 12, 2004.

advantages to cigarettes consisting of high proportions of Oriental tobacco and was reported in the media as a taxation policy that encourages national tobacco production in the country. Furthermore, the policy aimed at earning more revenue from the American blend cigarettes and increasing the market share of TEKEL, and thus its value before its privatization.

The new tax policy was a tough setback for the cigarette multinationals. They were aware of the fact that in case of an increase in the prices of second premium cigarettes, Turkish smokers would switch to the similar and cheaper TEKEL cigarettes. However, the multinationals were able to overcome, and moreover, take advantage of the new constraint. American brand cigarettes consist of different percentages of tobacco blends. Though the exact proportions are kept secret, a standard American cigarette has approximately 10-15 percent of Oriental tobacco and the rest is constituted of Virginia and Burley tobacco. Though most multinationals apply the standardized blend recipes for the most well known brands (such as *Marlboro*, *Camel*), they might adjust the blend percentages of second premium or local cigarettes according to the economic, political or technical settings of a country. The standardization in cigarettes is a myth when it comes to reducing the cost of the cigarettes (as I will discuss in Chapter Six).

Whereas JTI openly announced that it increased the Oriental tobacco amount in its brands of *Winston* to 34 percent, and of *Monte Carlo*, *More*, *Anadolu* and *Winchester* to 67 percent, BAT mentioned that in *Viceroy*, its most popular brand among Turkish consumers, the amount of Oriental tobacco was increased to 67 percent. Philip Morris stated that they raised the Oriental tobacco percentage in certain of their brands from 24

percent to 34 percent.<sup>67</sup> As a matter of fact, the precise increase in the Oriental tobacco to 34 and 67 percent was neither coincidental, nor derived from a special recipe that the Turkish smokers would like. According to the new regulation, cigarettes having Oriental tobacco between 0 to 33 percent would be taxed 1 million Turkish Lira for a pack, whereas the ones containing Oriental tobacco 34 to 66 percent would be taxed 535 thousand Turkish Lira. And lastly, the tax would be 350 thousand Turkish Lira for the cigarettes containing more than 67 percent Oriental tobacco (DPT 2006, 77-78). The taxes were determined due to the blend recipes of cigarettes. The flexibility of the multinationals do not just lie in their ways of production, but their ways of managing and adapting to the fluctuations and irregularities of political and economic settings of the country. The first round of the conflict was between the Ministry of Finance and the multinationals, and the second round would start when the regulatory agency was called to perform its “duties” as the third party in the row.

When the multinationals managed to reap benefits from the new taxation policy by crafting new blends out of the old brands, they not only raised their margin of profits in medium price range cigarettes but also started to compete with TEKEL’s inexpensive Oriental blends, which still had a huge market in Turkey. However, there was no “scientific” evidence, other than their words, that the companies really made the changes in their blends. All of a sudden the attention turned to the regulatory agency after a journalist put it on the spot:

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<sup>67</sup> Aydin Ayaydin, “Philsa: Uygulama Yasalara Uygun,” *Sabah*, February 08, 2005; “Sigara Firmalari Kuyruğa Girdi,” *Haber 7*, August 26, 2005.

For several days, I have been writing the speculations about the multinational cigarette manufacturers. These companies reported to TAPDK that they had made changes in the proportions of their blends, though they had not, in order to pay less taxes according to the new lump-sum tax system announced by the Ministry of Finance. **The only responsible institution in this matter is the Tobacco Regulatory Agency, and it keeps its silence.** I am afraid that the silence of the agency confirms the allegations that the state has been losing one billion dollars every year [from the taxation of cigarettes] (the bolds are in original).<sup>68</sup>

But was it really the duty of the regulatory agency to find out the proportions of blends?

The multinationals declared that when they had adjusted the blends they applied to the regulatory agency for approval but the agency replied that they just needed to know the nicotine and tar levels in the cigarettes.<sup>69</sup> However, this explanation did not stop the Ministry of Finance, which found the level of taxes lower than the expected amount. The Ministry made another announcement that the multinationals would have to pay fees since they had changed their blends without the approval of TAPDK. As the lawyer of one of the biggest cigarette multinationals would tell me the “gossip” later, the regulatory agency was being pushed to carry out its new mission by the Ministry of Finance:

There is also a rumor about the [conflict between] the Ministry of Finance and TAPDK. The Minister of Finance asserts that TAPDK did not control the products of the companies, which had changed their blend recipes. Therefore, [they think] they are subjected to income loss. After this announcement, TAPDK started to send its expert teams to the companies. They investigated the cigarette production from the start to the end for every blend. [...] They came to our company, too. They stood up in front of the blend assembly. As the boxes passed by, they asked what the boxes contained, what kind of tobacco was in them, what was happening.

Yet, visual examination was not good enough to verify the proportions of blends. The “real numbers” representing the exact proportions of different tobaccos used in cigarettes were required. A new role, determining and approving the blend proportions of

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<sup>68</sup> Aydin Ayaydin, “Tutun Ust Kurulu Ne Ise Yarar?” *Sabah*, February 10, 2005.

<sup>69</sup> “Sigaranizin Harmani Izinsiz Degisti Vergisini Odeyin,” *Hürriyet*, December 02, 2004.

cigarettes, was added to the list of responsibilities of the agency. Yet, the feasibility of this new mission was questionable. The TAPDK officials claimed that it was impossible to verify the exact proportion of the tobacco kinds in a manufactured cigarette. Upon this explanation, this time the TAPDK officials were accused of protecting the interests of multinational cigarette companies. As a response to these criticisms, TAPDK published a press release on its website.<sup>70</sup>

The statement started with a counterattack by calling the criticisms “wrong, against science, rationale and technique,” and aimed at developing “a negative image about the regulatory board by using distorted and contradictory arguments.” Several points were made: first, the verification of the blends in the manufactured cigarettes was “mathematically and scientifically impossible in [our] country or in the world.” Depending on their investigation of the accredited foreign laboratories abroad, the regulatory agency claimed that no laboratory could determine the change in the amount of different kinds of tobacco in a manufactured cigarette. The only single solution to find out the blend proportion was to investigate and monitor the production in its place. It was also claimed that the inspection of nicotine and tar amounts in the cigarettes was strictly supervised and calculated in impartial labs, along with the inspections done in the factories on the blends after the new taxation program.

To achieve this goal, last year, our experts unexpectedly visited three cigarette factories to monitor and investigate their production. According to the experts’ observations of 18 different cigarette brands, companies’ declarations about the

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<sup>70</sup> TAPDK, “Sigara Vergileri ve Tutun Harman Oranlari Hakkinda TAPDK Basın Aciklamasi.” [http://www.tapdk.gov.tr/basin\\_bildirisi.htm](http://www.tapdk.gov.tr/basin_bildirisi.htm).

changes were found to be correct. The results of the investigation were also reported to the Ministry of Finance.<sup>71</sup>

The newly assigned role of checking the blends was recognized by the agency. However, the head of TAPDK made it clear in the statement that before the implementation of new tax policy on August 28, 2004, the regulatory agency did not have the duty of examining the blends. Its technical monitoring was limited to the smoke and chemical analyses of cigarettes. But now, they had to not only obtain detailed information from the companies about blends but also operate spontaneous observations in the factories.

This new role imposed on the regulatory agency by the Ministry was not well received by the multinationals. As one of the multinationals' representatives expressed it to me:

The state said that "I want to know [the blends] because there is no secret in the state. I want to know not only the proportions of Burley, Virginia and Oriental tobacco, but also how much of the blend is constituted of Virginia leaves, reconstituted and expanded tobacco in the cigarettes." Therefore, what was asked from us was to provide the entire blend recipe [...] We objected, and said that, then we would stop production [in Turkey]. It was the last straw for us. Such a thing can happen only in Turkey. [...] This is a trade secret. At the same time, according to the 2001/EC37,<sup>72</sup> we also have to tell them the additives and aromas that we are using in the cigarettes. They have the blend recipe as well as the list of additives used in the cigarettes. [...] This is a wrong policy.

The issue became a trade secret matter. Even though the multinationals claimed that the technocratic practice was an imposition on their right to keep their formulas secret, they did not go to the court to stop it. Because, as is the case in the U.S., though every cigarette company must annually submit its list of additives to the Department of Health,

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<sup>71</sup> Ibid.

<sup>72</sup> Directive 2001/37/EC of the European Parliament and of the Council of 5 June 2001 on the approximation of the laws, regulations and administrative provisions of the Member States concerning the manufacture, presentation and sale of tobacco products.



since these additives are regarded as trade secrets, the officials may not disclose the identity of listed chemicals, regardless of how innocuous they may seem.

The story that started with the conflict between the Ministry of Finance and the multinationals transformed the tobacco market, which in the end forced TAPDK to undertake several new responsibilities. The role of the regulatory body was defined once again due to the changes taking place in the market.

### *Anti or pro?*

When I visited the Ankara office of one of the biggest multinational cigarette manufacturers on a crisp winter day, a surprise was awaiting me. As I got used to the several half-hearted and hasty interviews with the companies' representatives letting me learn not more than I could have learned from newspapers, I would be amazed to see two company representatives of Turkey as well as the company's Middle East regional director ready to conduct a two-hour interview. Though they were fairly timid about their policies, standards, blends, market strategies, in short, anything about their company, they were brave in their statement about the government, other cigarette companies, and particularly about the regulatory agency, TAPDK.

The company representatives reiterated several times that the tobacco sector must be regulated, as it is "a necessity for the predictability and stability of the market." Yet, what people understood by regulation, they continued, was different from one to the other. Their approach towards regulation was more like tailoring the laws in a way that would make "everybody in the sector play according to rules." It was basically a

technical regulation that would facilitate the functioning of the free market. In this respect, TAPDK did not know how to regulate the market, as the agency's operations were concentrated more on the policies of banning<sup>73</sup> rather than of regulating. The representatives stated that TAPDK's personnel was not competent enough and the vision of the agency was limited to the traditional bureaucratic way:

They are trying to regulate a sector that they don't know anything about. The board is very incompetent. On the other side, the employees of multinationals know the sector very well but they are not represented on the board. If there were a few people from the multinationals on the board, the sector would not be like this.

I have heard the same comments whenever I interviewed anyone from the cigarette multinationals. As being regulated, multinational cigarette manufacturers would like to be the regulators, too. Adamantly supporting the argument that their presence on the board would sustain a truly effective regulation, they seemed to be unaware of how this idea might be problematical.<sup>74</sup> All of the officials I interviewed without exception legitimized their argument on the basis of the ineffectiveness of the regulatory agency:

Every year, the European Union directorate informs TAPDK about certain issues but the people at the institution don't know what to do with this [information].

According to the multinationals, the strong bureaucratic tradition with its uncreative and monotonous way of functioning - such as doing paperwork, running daily errands,

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<sup>73</sup> The company representatives explained this with a specific example. The incessant changes in the taxation policy let several groceries make up "fake" price increases. The multinationals wanted to inform smokers about their prices by giving advertisements in newspapers so that consumers would not fall into the price traps of several sellers. However, their attempts were prevented by the agency on grounds that any sort of advertisement on tobacco was illegal.

<sup>74</sup> This might lead the "regulatory capture" which means that the particular interests of regulated companies can capture the goals and interests of regulatory agencies.

working in a hierarchical order - has overshadowed the potential effective performance of the regulatory agency. The major obstruction stemmed from the old bureaucratic understanding of the personnel who were accustomed to work in an uncreative, non-risky and passive environment. Fraught with the bureaucratic culture from their earlier experiences, they were unable to catch up with the speed and spirit of the free market economy.

This was the approach of the multinationals. Yet, several people working for the government were thinking along the same lines. The Ministry of Finance was just one of the government offices that used to give a very hard time to the agency on the basis of its not accomplishing what it was responsible for. I realized that even several employees working in the agency kept complaining about the lethargic and submissive attitude of members on the regulatory board. The tobacco law might be short, but for them, it was flexible enough to dynamically work in the sector if desired. The board could have been more actively engaged in the sector if the members of the board were different.

There was a general consensus in both public and private sectors that the agency was not working well, mostly because of its incompetent employees. The response of the agency to these criticisms was that their actions were continuously inhibited by the government. As an institution established during the previous government's time, the members of the board were always judged from a political perspective. Sezen, who has written about regulatory agencies in Turkey for a long time, told me in an interview:

[In the functioning of the regulatory agencies], the personal relations are very important. If the regulatory agency was established during the previous government's tenure, then the current government does not have sympathy for them. If there are officers in the regulatory agencies who have come from the

public sector, and are familiar to the functioning of bureaucracy as well as how to interact with politicians, they might establish warmer relationship with the current ruling government.

As Sezen suggested, personal relations with the politicians play an ultimate role in the working of the agencies. One of the members of the board gave an example from another regulatory agency that was working without having any troubles with the current government because the head of the board was Circassian, like the Minister, and he was also the Minister's schoolmate. The head of the tobacco regulatory board, who was criticized about not being aggressive enough in pursuing policies, began his interview by stating that he was a "bureaucrat of the state, not of the government." Then, he told me an incident that exposed how the agency was deliberately excluded from the legislative process concerning the tobacco regulatory board:

[The government] unwillingly informed us about a new regulation [concerning the agency]. And this happened after we really insisted upon seeing what it is. We actually had a "pirate" text at hand. It was a circulating text, which was written without our knowledge. And when the [government] sent us a text, we compared it with our "pirate" one, and saw that they were the same. Do you know where we got our "pirate" text? From Philip Morris.

This explanation challenges the taken for granted assumptions based on the public/private dichotomies. It is clear that the establishment of regulatory agencies brought a new dynamic to Turkish bureaucracy. The general tendency to see public and private sectors as being mutually exclusive, moreover in opposition to each other, has become a practical way of approaching regulatory agencies as well. There is an inclination to situate regulatory agencies in ideological dichotomies: the agencies are regarded as either pro-state and anti-multinationals, or pro-multinationals and anti-state. The professor in Turkey whom I worked for on a project for a short period of time vehemently supported the idea that the agency was holding a pro-state attitude by "giving a very hard time to

the cigarette multinationals.” According to her, the state tradition was infused in the agency. In the same vein, the multinationals have considered the agency as an institution not having a genuine vision of the free market economy and being still devoted to the state-controlled economy. They claim that the agency’s new responsibility to reveal the proportions of the cigarette blends was the best example of how the agency was still working with a monopolistic view. For them, such an attempt was an infringement of the “trade secret” and in opposition to the logic of the free market economy.

On the other hand, government officials have always approached the regulatory agency with skepticism given that the institution was established under the commitments made to the IMF and the World Bank. It was taken for granted that the regulatory agency would favor and facilitate the policies of multinationals. This group supported their claim with the incident of abrogation of the sales of hard-box packing machines that had been bought by the monopoly. The agency simply helped the multinationals dominate the market through weakening the TEKEL’s competitive power.

But I wonder if it is really that simple to situate the regulatory board in either/or dichotomies. I believe that the two conflicts that I cited above deserve a more complex explanation.

### *Assessment*

Both perspectives have explained the agency within a pre-given structure. It is situated within either the unrescinded state ideology or neoliberal economy of global order. However, as Sezen rightly asserted in an interview, the international templates

blending with national politics have always ended up with differently structured institutions:

We have imported [regulatory agencies] from the West. These agencies are supposed to be independent. And we have written in the law that they are independent. Well, they are supposed to have financial autonomy. Okay, we have put this condition in the law, too. They are supposed to be working as committees and we've put it [in the law] as well. Yet, a system which is working very well in another country might end up with very different results in a different country and society. Because, here the internal relations, the functioning of the political and bureaucratic system, interactions among people, bureaucratic and managerial culture, might be all different.

The normative functioning of an institution on paper can simply be different from its functioning in reality. As Sezen argues, the digression from the ultimate goals stems from the different local bureaucratic culture of that country. If we translate Sezen's quotation into more academic words, we can call it the "localization" of the internationally standardized institutions and policies as they are transferred to different countries. It is absolutely true that the standards, whether they are tobacco seeds, global expertise, or institutions, do not bring about the same results in every country.

Nevertheless, the argument of the localization of international policies, though endowing a degree of subjectivity to the actors involved in this process, has the problem of approaching the issue from the point of a priori fixed procedures, either global or national. The argument that the existing national political culture blending with the international elements would result in different structures assumes a more or less essentialized national and international political culture. Here, my problem does not necessarily lie in the criticism of essentialism, as it is inevitable for a certain theoretical abstraction. Furthermore, I agree with the idea that there is such a thing as bureaucratic culture specific to societies. Yet, the bureaucratic culture is only one single factor

influencing the political and economic structures. Rather than explaining the functioning of the agency with the interactions of pre-made structures at the national and international levels, I argue that what we encounter here is an assemblage<sup>75</sup> that involves different actors, spaces and temporalities. I will explain what I mean by that.

“Assessment” was the most uttered word in the interview with the three company representatives of the multinational cigarette company. They were criticizing the agency for not asking the following questions: “What is the current picture? What is the assessment? What is the vision for the sector?” It was true that the agency did not have a fixed agenda for the sector, but it has certainly been making decisions according to the assessments of political and economic actions of other agents in the sector.

As I described in the previous chapter, I was stunned by the idea that no one knew why the tobacco law was enacted and the regulatory agency was established. There were no explanations, except than “the IMF wanted it!” When I started to talk with the civil servants working at the agency, I was also surprised to see that even they did not know the reasons for the foundation of the agency. This unawareness of the genealogy of the agency would overshadow its future practices because no one has known what to do with this institution.

The agency was founded with ambiguities. First, it is very unusual for a regulatory agency to deal with one single agricultural product, especially when other

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<sup>75</sup> I use the concept assemblages in the way that is employed by Stephen Collier and Aihwa Ong in *Global Assemblages* (2004): “An assemblage is the product of multiple determinations that are not reducible to a single logic” (12). It denotes the multiplicity of interconnected techniques and actors (both human and non-human) in a heterogeneous, contingent, unstable, partial, and situated unstructured structure.

regulatory bodies are devoted to major sectors, such as banking and energy. When the tobacco agency was established, it was stated that, like the Sugar Regulatory Agency, it would work temporarily until the market was fixed. The word “temporary” hanging in the air has continuously overshadowed its functioning. Though the sugar agency was closed, the time for the tobacco regulatory to meet its demise has not yet arrived. Second, the tobacco law with its 13 articles has left the members of the regulatory board with an array of ambiguities. In line with its commitments to international financial institutions, the government established the agency, but nobody seemed to know what it would work for. “Free market economy,” “regulation” and “non-state intervention” have remained abstract empty concepts not necessarily stating precisely a particular policy that the agency had to undertake. Under the pressure of massive uncertainty and ambiguity, the agency had to depend on its assessments of other actors’ actions in the market. When faced with a problem, the agency would have no chance to solve the problem by relying on a prototype. It has been refining the solution by trial and error ever since it was called on duty. In brief, its performance has been grounded in practices.

Let’s think about the two conflicts that the tobacco agency had to deal with. In the first incident, there was no rule requiring that the agency had to check the machines bought for the TEKEL’s cigarette factories. The agency was called into action only after the speculation about the corrupt purchase of the hard-box packing machines was raised by one of the delegates and then a journalist. Another responsibility (checking the status of machines) was added to the duty list of the agency. The new obligation emerged after the lingering dispute that took place among the monopoly, cigarette multinationals, the Ministry of Finance, the experts, hard-box cigarette machines, and expertise reports. The



regulatory agency was *interpellated* as an agent and this led to a process that I call, with Latour's inspiration, "Policy in the Making." Rather than "all made policy" or "ready made policy" of either national or global order, it is the policy made through a process, with the involvement of a different range of human and non-human actors. It is striking to see how this assemblage has come together through the spread of a *speculation*. It was neither a legal text, such as law or regulation, nor global policies of international financial institutions but a speculation that engendered the creation of a new technocratic practice.

The second incident about taxing and the change in the blends was similar to the first one in terms of the variety of actors involved in the process: the tobacco agency, the Ministry of Finance, cigarette multinationals, experts, tobacco blends, reports, and different cigarettes. The event again began with a *speculation* that the multinationals had changed the percentage of Oriental tobacco used in the cigarettes but not to the same proportions that they announced. As happened in the first case, the regulatory agency took action *when the fact in the market was already constituted*. This is exactly what the director of research at the Atlanta District branch of the Fed stated for the regulation of markets: "systems, instruments, and markets are evolving faster than the political entities can bring their various rules and regulators into harmony" (cited in Riles 2006b, 92). The technocrats in the agency were able to decide upon the policies after the market had created its new rules and strategies. The "temporal incongruity" (Miyazaki 2003) between the regulatory agency's knowledge of the market and transformations taking

place in the market would result in an improvised version of policy hinging upon the expectations, speculations, or predictions.<sup>76</sup>

The inevitable belatedness of the technocratic regulation arose from the fact their object, the market, was always in a process of change, and there are no ready-made policies that could handle all these changes. The fact that the regulative policies tailored according to the changes in the market were shaped through a set of negotiations among the institutions, demonstrates the absence of coherent frames of policies beforehand. Documents, such as laws, regulations, export reports, pictures, do not necessarily correspond with the messy reality of the market. While, on paper, a system can seem to operate in an abstract time, in practice, it operates through the temporal negotiations of actors in real time. In an environment of enormous uncertainty, in which policy choice cannot be derived from the laws and regulations, anticipations, speculations and intuitions play a significant role in making the decisions (Holmes and Marcus 2004, 2006).

In this chapter, I argue that the tobacco regulatory board has been weaving its technocratic practice in real time. Rather than following ready-made policies, the policies that are being created in action are followed. And the technocratic practice is made through a series of interactions of events, speculation, expectation, interpellation, and action, which results in the ossification of action – in the forms of laws and regulations at one point.

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<sup>76</sup> In her study of expert negotiations on pension reform in Mexico, Schwegler (2004) shows how the decisions of technocrats were always “anticipatory” that was shaped by the anticipated reactions of others.

## Chapter 4

### Framing Tobacco, Remaking Market

It was the end of March, when on a rainy day I visited the headquarters of the state-run tobacco monopoly, TEKEL, in Istanbul. As I got out of the cab and raised my head, I saw the run down building behind the rain, a black rectangular block with huge dark windows, supposedly built as one of the good examples of 1970s style architecture. With its grey cement floors and clunky old wood furniture, the inside of the building was more depressing than its outside. The place reminded me of Kafka's *The Castle* where serious-looking civil servants walk among hundreds of piles of dusty folders stacked on top of each other and scattered everywhere. I thought that the building itself represented the gradual death of a giant company, and I forced myself to imagine the "good old days" when the furniture was still new and trendy, the civil servants were cheerful, but more importantly, the monopoly was holding 75 percent of the tobacco market—sometime not more than 10 years ago. What changed in the tobacco sector so that the state-owned monopoly lost 50 percent of its market share in such a short period of time? What had gone wrong with TEKEL's calculations and marketing policies that it failed to adjust itself to the rules of the competitive market? Is it simply another example of the foreseeable failure of a state enterprise that could not keep up with the pace of the free

market? My thoughts were interrupted by the secretary, who came to show me the way to my informant's office.

Taner Bey liked talking about everything -his nephew in Ohio; the education status of his kids; his family's vacation to the U.S.- everything except tobacco. It was one of the interviews where I lost control over the conversation, in which the informant saw me as a sympathetic ear and talked about everything but my questions. I have learned by experience that sometimes monologues happen simply because of the informants' daily boredom at work. Or more often, they accept giving interviews just to keep their promise, and present themselves as friendly and helpful bureaucrats, but in the end they succeed in saying very little by talking a lot. To sidetrack the conversation is a maneuver that bureaucrats develop to dismiss any possible accusations that might come from the government. I have learned again by experience that it is difficult to have real access to bureaucracy, where political pressure is ubiquitous, gossiping is widespread and power struggles are prevalent. Because of these constraints, bureaucrats talk tangentially. They talk a lot but rarely say anything that might jeopardize (and the definition is very flexible) their positions. In these cases, I let them talk, with the hope that they might at one point break the sacred bureaucratic rules of what can be said or not.

After a couple more family stories, and the standard chat about the superiority of Oriental cigarettes over American blends, only 10 minutes before the interview was up, Taner Bey all of a sudden declared: "I wish TEKEL would burn all the tobacco in its depots." By trying to conceal the surprised expression on my face, I asked "but why burn and not sell it at a cheaper price?" He replied immediately:

There are about 450,000 tons of oversupply tobacco in the stocks of TEKEL. In the last years, to decrease the overstock, the crop was sold for 15, 20, 30 cents, that is far below of its value. However, this cheap tobacco that was sold to be exported was eventually launched into the local tobacco market. With the introduction of huge amounts of cheap tobacco, the balance between supply and demand was disturbed. In order to sustain the balance [between supply and demand] again, the oversupply must be burned.

This was the first but not the last time that I would hear these comments over the course of my fieldwork. The argument was simple: the oversupply must be eliminated to sustain the stability in the market. In other words, in order to make the invisible hand maintain the balance in the market, a very *visible hand*, the state, has to intervene and burn the crop that it has bought. It is weird to see that the oversupply crop, though it is grown in the same way, has the same qualities as other crops, is not the *same* crop as the previous year's apple, tomato, cotton, or tobacco. As the oversupply crop gradually loses its market value, its status changes from that of commodity to waste.

What is an oversupply of tobacco then, commodity or waste? How does the oversupply of tobacco transform the market by creating new opportunities for some actors whereas depriving others from their previous benefits? Through which mechanisms and devices is an oversupply crop regulated and managed? How do these regulations transform tobacco and tobacco farmers? These questions will be the main discussion points of this chapter. The chapter first starts with the discussion of the argument that the oversupply of tobacco in the depots of TEKEL has created an unregulated market behind the regulated tobacco market. And then it explores the government policies to restrict tobacco production. If burning tobacco is a temporary solution, quota and contract farming are regarded as longstanding policies to sustain the equilibrium between demand and supply curves. In order to determine the quantity of

crop, but more importantly, to restructure the tobacco market, quota policies and then contract farming would be put into practice. After a brief discussion of why quota application did not actually work in Turkey, I will explore how the introduction of contract farming in one of the poorest regions of country, Adıyaman, has led to the emergence of another market in which the contract itself has become a commodity by taking the place of tobacco.

### *Circulation of (oversupply) tobacco*

In order to understand the structure of the Turkish tobacco market, we first need to know both human and non-human actors involved in the market, and how they are related to each other. But before unfolding this, let me first summarize the regular circulation of tobacco in the market:

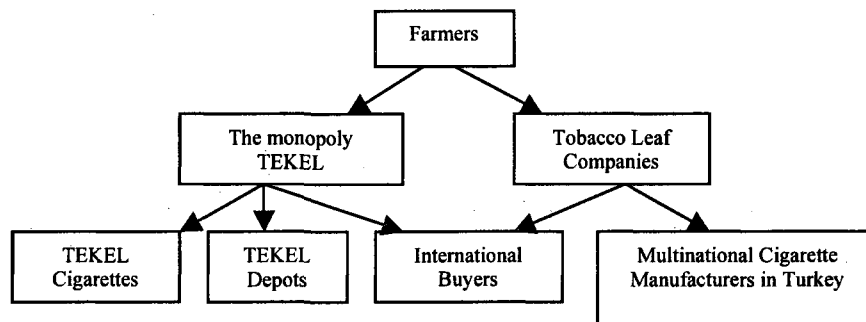


Figure 3: Circulation of Tobacco

The circulation of tobacco in the market follows a straightforward path. Farmers, both in the old system or in the new system (under contract farming after 2002), could sell their crop either to the state monopoly or a number of tobacco leaf companies, the

intermediary dealers between farmers and cigarette manufacturers.<sup>77</sup> Leaf companies buy tobacco from farmers, process the crop and sell it to cigarette companies. In this way, cigarette manufacturers do not have to deal with the local problems of the tobacco trade, such as encounters with farmers on issues of price and quality, and have the benefits of using the processed tobacco, which means the sorting, blending and conditioning of the crop.

The number of tobacco leaf exporting companies drastically dropped in the last three decades from 59 to 15 companies under the growing pressure for local companies to compete with new international leaf merchants cooperating with big cigarette giants.<sup>78</sup> The biggest cigarette manufacturers in Turkey, such as Philip Morris, JTI, BAT, do not handle leaf processing and contract out their business among several leaf companies, yet they mostly prefer to buy the biggest share from the international tobacco leaf merchants (such as Alliance One<sup>79</sup> and Socotab) in Turkey. The local leaf merchants seem to survive as long as they export tobacco to international buyers, such as monopolies, or cigarette companies in other countries.

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<sup>77</sup> An important point must be mentioned here: tobacco leaf merchants rarely purchase crops from eastern Turkey basically because of the low demand for this kind of tobacco. Thus, the monopoly remains the sole tobacco buyer in this region.

<sup>78</sup> Orhan Ozet, "Turk Tutunculugunde Gercekler Nedir?" *Tutun Eksperleri Dernegi Bulteni*, Volume 32 (1997). For the number of current tobacco exporting merchants, see <http://www.tapdk.gov.tr>. According to the information provided by the regulatory agency, the number of tobacco exporting companies is 21, yet this number includes, the monopoly, as well as the cigarette manufacturers, such as JTI, European Tobacco, BAT, Philip Morris and Gallaher.

<sup>79</sup> Alliance One was formed in 2005, as a result of the merger of Dimon Incorporated and Standard Commercial Corporation, both world leaders in tobacco processing.

As I will explain below, the monopoly TEKEL used to buy tobacco under two categories, support and administrative purchases. While the former purchase was undertaken to support tobacco farmers, the latter aimed at meeting the tobacco demand of the monopoly. TEKEL's support purchases gradually increased the amount of tobacco in its stocks. The oversupply tobacco in the depots of TEKEL has become a good source of inexpensive crop for local leaf merchants, international buyers and multinational cigarette companies in Turkey.

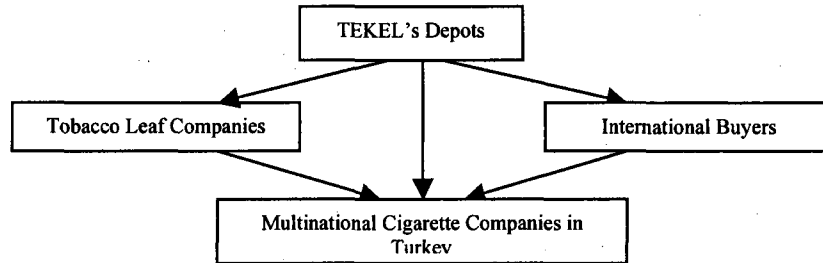


Figure 4: Circulation of oversupply tobacco

The existence of TEKEL's huge overstocks has immensely and irreversibly transformed the market, creating an unregulated market<sup>80</sup> within the regulated one. The unregulated market includes almost every actor in the tobacco sector, yet doesn't produce equal opportunities for everyone. Because TEKEL's enormous tobacco supplies are always available to any buyers, multinational cigarette giants hold the most favorable position in the oversupply tobacco market. The existence of alternative tobacco supplies

<sup>80</sup> By unregulated market, drawing from the work of Roitman (2004), I mean the market transactions that are not concluded under the state authority. These transactions are devoid of legal regulation (such as tax and pricing) but this does not mean that there is no order in the structure of unregulated market activities.



other than farmers' has provided a huge advantage to multinationals, which could thus aggressively impose their own prices on the regulated market. Most of the time, leaf merchants purchase tobacco from TEKEL on behalf of the multinationals. Yet, leaf companies are not particularly pleased about this situation, since the flow of inexpensive tobacco to the stocks of cigarette companies results in plummeting of the next year's tobacco prices.

Though the tobacco from TEKEL's depots is usually not good quality, thanks to new technologies, cigarette companies are able to produce a new type, reconstituted and expanded tobacco, to stuff their cigarettes (see Chapter Six). Gallaher, a multinational cigarette company recently invested in Turkey and then was sold to JTI, basically founded its starter market strategy on purchasing huge amounts of oversupply tobacco from TEKEL. The Turkish representative of the company expressed to me that the company was going after the inexpensive tobacco to manufacture inexpensive cigarettes in developing markets. Thus, the incentive behind the investments of multinationals seems to follow new emerging markets with high numbers of smokers as well as inexpensive tobacco.

International tobacco companies and monopolies constitute other buyers of TEKEL's overstocks. What is interesting about this group of buyers is that TEKEL's exports of oversupply tobacco do not always arrive in the designated country. The most well-known of these cases was one in which the state also played a major role. Huge amounts of tobacco from the stocks of the state-run tobacco monopoly, TEKEL, were sold at very cheap prices to a company abroad. In the years of 2003, 2004, and 2005,

TEKEL constantly sold the oversupplied tobacco to the same company, under different names (Weserfrucht, Interlink and Casal), which were based in different locations (Bremen, Dubai and Virgin Islands). The transaction was simple: the company was subcontracting with TEKEL to sell around \$200 billion value of tobacco. Yet, the security money usually asked in these kinds of transactions, which was around 10 percent, was far below the rate asked from this company, which was 0.3 to 0.5 percent. Surprisingly, each transaction ended up with the company's announcement that it was not able to sell as much tobacco as it had contracted, and thus, would pay the security money back to TEKEL. For example, Wesserfrucht company in 2003 optioned to buy 198,652 tons of tobacco but eventually it declared that the company was only able to sell 38,900 tons, which equals 19 percent of the contracted amount of tobacco. The company then lost the security money. Yet, despite losing the security, it still made huge amounts of profit through marketing the same tobacco under cover in the Turkish market.<sup>81</sup>

Every step in the transaction between TEKEL and the company was legal on paper. Even the very low price of tobacco, standing as the most controversial matter, was justified on the grounds that if the "worthless" tobacco staying in the depots of the monopoly for years was not sold, it would simply be burned, as happened many times before. TEKEL in the process of privatization was already under attack in the media for

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<sup>81</sup> Over the course of my fieldwork, I was unable to learn the price offered to the front company. Whenever I asked such questions, I was dismissed by the TEKEL officials, and even sometimes our conversation was abruptly ended on the other part's request. However, in the last month of my research, I was able to interview a TEKEL auditor, who gave me detailed information about the "scandal." Also he provided me one of his articles, where he indirectly mentions the Wesserfrucht's activities in Turkey. The issue was also raised in the Plan and Budget Commission meetings in the Assembly on December 6, 2004, but no further interrogation was made.

its “irrational” management with its hoarding of tobacco in its stocks over the course of years. These criticisms led the administration to look for ways to get rid of the entire overstocks as soon as possible. Any sort of transaction that would help reduce the huge tobacco stocks at any cost had gained a legitimate basis.

The chief actors who took part in this deal were the general director of TEKEL, the son of a Minister and his entrepreneur friend.<sup>82</sup> This network, which emerged as the collaboration of government officials with their entrepreneur friends, would eventually extend to and include other actors in the tobacco sector. This network would enable the company to market so-called “exported” tobacco in Turkey. Marketing the “exported” tobacco in the country was doubtlessly illegal according to the Turkish jurisdiction. First of all, the price of exported tobacco was much cheaper than the tobacco manufactured in the country, as it was not taxed. And second, the “exported” tobacco, in fact, never left the country, in contrast to the evidence that it had traveled to the designated country. The purchased tobacco that seemed to have been exported to a different country was actually in Turkey from the beginning. Having been exempt from the taxes and free of transportation costs, the company made huge profits.

The illegality of the process is less interesting compared to the ways in which such an activity has rearranged the local tobacco sector. The presence of cheap tobacco in the market not only led to the loss of bargaining power for the tobacco farmers selling their crops in the current year, but also to the saturation of the market with excessive

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<sup>82</sup> The same “entrepreneur friend” had played a key role in importing the controversial hard-box cigarette machines for TEKEL (see Chapter Three). I was told by a journalist friend that when the entrepreneur was interviewed upon the accusations, he legitimized his actions with the argument that he was one of the highest tax payers of the country.

tobacco introduced through unregulated ways. Through the intervention of the company, the circulation of tobacco from TEKEL's stock to tobacco leaf companies and then to multinational cigarette companies has decreased the official demand for tobacco in the regulated market but also helped the cigarette companies hold the upper hand in controlling the prices. Having obtained the flexibility with the extra supply of cheap tobacco in their stocks, multinationals situated themselves in a safe and competitive position where they could impose their own prices over farmers. Oversupply tobacco has sustained the proper functioning of the so-called "free market economy" paradoxically with its very non-free market features.

The leaf companies in Turkey, having been excluded from the redistribution of the new wealth recently found in the depots of TEKEL, protested the situation with insinuations that several "corrupt" tobacco transactions were hindering the local tobacco sector in Turkey. But, their complaints immediately stopped as soon as they were also included in the network of politicians-entrepreneurs-cigarette companies, and they became a part of the unregulated market. The alliance got bigger and the new wealth gained through oversupplied tobacco was redistributed among new actors.

The overstock in the depots of TEKEL has enabled the constitution of networks between government civil servants, politicians, tobacco leaf companies and cigarette multinationals. Oversupply crop that used to be recognized as waste has been transformed into a valuable commodity within the unregulated market. The value is not intrinsic to the commodity, as we all know, but it is created in different contexts. The "worthless" tobacco in the regulated market has become a source of wealth emerging in

the unregulated market.

This is the case that Taner Bey had referred to: the tobacco was supposed to be exported; however, the company launched it onto the local market, a move that engendered a radical decline in the price of the next year's tobacco prices in the regulated market. The value of the oversupply tobacco gradually increased, as it changed hands several times in the market. Its long and circuitous itinerary from the depots of TEKEL to the cigarette factories with several layovers created an unregulated but very profitable market.

Long before this event, in 1999, the *Tobacco Platform*, established by tobacco experts as a civil society organization to stand up against the privatization of the monopoly, published a handout that precisely summarized the oversupply problem:

In the last four years, TEKEL has sold 250,000 tons of tobacco [that it had bought from farmers] with very good provisions and prices to international buyers or the local merchants working for the former. Thus, the exports of TEKEL, which were mostly constituted of previous years' oversupplies, went to the stocks of buyers, which could not use all the exported tobacco. The accumulation of the Turkish tobacco in the stocks of international buyers competes against our newly harvested tobacco.<sup>83</sup>

It is interesting to see that the presence of the monopoly has ironically helped multinational cigarette giants manipulate the market prices. Thus, although in neoliberal discourse, the existence of the tobacco monopoly is regarded as the major obstacle in front of the free market economy, its presence with its huge stocks of tobacco vastly contributes to the profits of multinationals and harms the success of farmers. Normatively the idea of the monopoly is criticized as being in opposition to the logic of the

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<sup>83</sup> "Tütün Platformu Bildirisi" [Bildiri 20], *Tütün Eksperleri Derneği Bulteni*, vol.43 (1999).

competitive market economy, but what happens in practice is the integration of the monopoly, as a state enterprise, within the capitalist system as a safety valve for the perfect functioning of the market in favor of multinationals.

### *Counting Tobacco Bales as Votes*

The Turkish government first supported tobacco production in 1927, but the systematic support system began in 1947 and continued until 2001 (Ornek 2004, 16). There were basically two types of support systems in tobacco production; i.e. subsidies and the support purchases system. Subsidies constituted standard agricultural support policies of the government that were generically applied to crops with an aim to cover the input costs such as fertilizer, diesel oil and pesticides.<sup>84</sup>

The basic support system in tobacco used to be the purchase system, through which the state bought all the cultivated tobacco. The retailing task was accomplished by TEKEL from 1947 to 2001.<sup>85</sup> The support purchase system, when combined with the pricing system, engendered an increase in the prices of tobacco. Every year, following the

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<sup>84</sup> It is pertinent to note that the government phased out subsidies for several crops after implementing the Direct Income Subsidies in 2001. The Direct Income Subsidies are granted on a flat, per hectare rate to all farmers registered with the National Farmer Registration System (NFRS). However, this new support system was harshly criticized as it did not seek any improvements in the quality and quantity of cultivated crops, and it basically channeled the biggest share of the support to the big landowners.

<sup>85</sup> In 1948 the role of implementing support purchases was given to TEKEL, the state tobacco monopoly, and its trading partner TTL (Turkish Tobacco Limited). When TTL was sold off in 1959, the government decided to continue the support purchases on a regular basis by enacting a law in 1961. According to this law, the Council of Ministers was to pass a decree every year to support tobacco farmers. Subsequent years showed that the Council of Ministers enacted the law for the subsidy purchases every year, which has made it a rule rather than an exception for tobacco cultivators.

harvest, TEKEL announced its minimum price for tobacco. This announcement was functional in regulating the tobacco market given the fact that it forced tobacco companies to offer higher prices than TEKEL. The reason was obvious; if the companies offered a lower price, the farmers would sell their entire crop to TEKEL, which bought every unsold tobacco leaf. The monopoly's unofficial and indirect way of fixing the minimum price was forcing the companies to go for higher prices than they would have liked to pay.

This system, which guaranteed a market for every leaf of tobacco, led growers to cultivate tobacco even in unsuitable fields. As one can expect, it gradually resulted in the overproduction of tobacco with a decline in the quality. Though higher prices were offered for better quality tobacco, growing more brought in more earnings. Tobacco cultivators started to produce more and more in their fields, and then, if not enough, in rented plots. In the end, Oriental tobacco, which is supposed to be grown in arid mountainous locations, started to be cultivated on plains, areas that are suitable for irrigated crops, but not for good quality tobacco.

Eventually, the amounts of TEKEL's support purchases outpaced the amount of its needed sum, the administrative purchases, in every year between 1990 and 2001 (with

the exception of 1995).<sup>86</sup> It would be correct to claim that the monopoly was working with the logic of a social welfare institution, rather than a profit-seeking company.

In the political culture of Turkey, there is a solid correlation between the general elections and the rise in the tobacco price. Every election year is followed with a rise in the price and thus amount of tobacco.<sup>87</sup> The 1991 general election is a landmark in this respect. Süleyman Demirel, who would serve as the Prime Minister seven times and then as the President, was rallying against another right-wing party, the Motherland Party, whose chairman was Mesut Yılmaz. Demirel, a witty and experienced politician holding a degree in engineering, has been known by the nicknames *Father* and *Shepherd Sülü*, owing to his childhood years when he was a shepherd in a small village. Demirel's party, the Truth Path Party, used to get most of its votes from the people living in the rural areas. So Demirel was aware of the fact that he should distinguish his party from the Motherland, which seemed to be giving the same promises to farmers. During his election campaign, Yılmaz agreed to work with the famous French election advertiser, Sequela, and had his very artistic portrait hung everywhere on street boards, whereas Demirel worked on his *Father* image, promising one apartment and one car for very citizen. But the key goal for both parties was to get the votes of farmers, especially

<sup>86</sup> TEKEL's purchase of tobacco (tons)

Years	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Adm.	60,000	50,000	35,000	41,000	48,441	60,593	60,138	39,329	48,601	28,885	38,854	29,318
Ratio	31	33	15	15	44	58	49	20	26	16	29	46
Support	133,328	101,800	197,844	230,665	62,488	44,101	63,814	160,585	136,981	148,666	91,282	33,941
Ratio	69	67	85	85	66	42	51	80	74	84	71	54

Source: (Ataseven 2005, 36).

<sup>87</sup> Jale Ozgenturk, "Tutunde Politikalar Felc," *Milliyet*, January 8, 1993.



tobacco cultivators, who numbered about three million people with their families (TEKEL 1999).

From the perspective of politicians, tobacco was equal to votes. Yılmaz was incessantly making speeches in tobacco villages assuring farmers that he would make the monopoly pay the best tobacco price the following year. Demirel, visiting the same villages after Yılmaz, was also seeking to collect tobacco farmers' votes. In one of the biggest tobacco villages, Akhisar, in the Aegean region, Demirel uttered his most memorable but controversial statement one day: "Whatever the Motherland Party offers you, I will give you five thousand more." The statement, which sounded more appropriate for gambling than political election campaigns, simply meant that if Demirel came to power, he would give five thousand Turkish Lira more than what the other party had offered for a kilogram of tobacco. After the elections, when the Truth Path Party won the elections, Demirel kept his promise. He made TEKEL buy tobacco at 36 thousand Turkish Lira, a 134 percent increase from the previous year's price (Sorman 2004).

When I visited Akhisar almost 15 years after the 1991 elections, every farmer and tobacco expert repeated to me Demirel's well-known sentence "giving 5 thousand more" which was inscribed in the collective memory. Their recollection was sometimes enthusiastic and sometimes furious, as expressed by one tobacco expert working at TEKEL:

[After the elections], tobacco production boomed. In the years of 1993 and 1994, tobacco production reached its peak. Tobacco was all over the place. We [tobacco experts] could not find where to put tobacco. We rented depots but then we could not even find depots for rent. And what happened in the end? They started to build prefabricated depots. [The depots] mushroomed everywhere. In the

following year, we needed to buy the new harvest, but we could not sell the tobacco in the depots.

This is how the amount of tobacco gradually raised in TEKEL's depots. In every election year, the so-called "populist policies" led to the increase in the price along with the quantity of cultivated tobacco. However, the controversy over the excessively produced tobacco has mostly focused on the crop grown in southeastern Turkey. This kind of "eastern" tobacco has never been in high demand in the market. Although the amount of the monopoly's support purchases from western and eastern regions did not differ from each other radically, the unsold stocks was mostly comprised of crops from the latter. In spite of the lack of demand, the tobacco monopoly, TEKEL, kept buying crops from the east. There were several reasons: first, TEKEL was the sole tobacco buyer there, one of the poorest districts of the country in which a large number of farmers have been earning their livings only from tobacco. And second, politicians' concerns of losing the support of farmers stopped them from changing the policies.

The national media constantly criticized the politicians for pursuing populist policies, that is letting the monopoly purchase unmarketable tobacco. From the perspective of the economists, this was the interference of the political in the economy, a policy working against the logic of the competitive market economy. The black hole in the budget of the government grew, as TEKEL was not able to sell the crop but had to spend a huge amount of money for the good maintenance of its overstocks. Moreover, starting with the year 1995, the national media continuously represented TEKEL as a state institution that was not even able to pay its taxes. Its accumulated debt to the government was covered extensively by the media. But TEKEL's financial deficit and

tax debts were in fact misrepresented in the media. TEKEL was still a profit-making state enterprise. The monopoly was concluding the tobacco support purchases on behalf of the Turkish Treasury, the state's other institution, which halted paying its debts to TEKEL because of its own financial difficulties. Unable to receive its payments from the Treasury, TEKEL kept being late in paying its taxes along with the added interest.<sup>88</sup> The economic controversy among the state's own institutions was turned into a story in the mainstream media that backed up the privatization of the monopoly.

Neither TEKEL's tax debts nor the financial deficits were in fact bothersome. The real problem with the monopoly lay somewhere else: in the depots of TEKEL. The continuous hoarding and accumulation of tobacco was the problem that needed to be solved immediately. The maintenance of oversupply tobacco was just a small part of the problem. The bigger problem was the "existence" of the overstocks. The permanent availability of huge amounts of tobacco in the TEKEL's depots had provided opportunities for tobacco buyers to manipulate and readjust the market prices. Something had to be done.

### *Burning tobacco*

Over the years, the purchasing of the entire crop across the country resulted in stockpiling of huge amounts of tobacco. It created an enormous accumulation of oversupply, which reached excessive levels in certain years, to a degree that the amount

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<sup>88</sup> Ali Riza Karduz, "Tekel Ne "Yuzsuz" Ne "Gucsuz," *Sabah*, July 25, 1995; Sadullah Usumi, "Tekel'e Iftira Kampanyasi," *Cumhuriyet*, October, 27, 1997; Ege Cansen, "Vergi Yuzsuzu Tekel," *Hürriyet*, April 28, 1999; Sadullah Usumi, "Tekel'e Haksiz Suclama," *Cumhuriyet*, April 08, 2000.

of crop in the stocks was almost 15 times more than what TEKEL would use in its factories.<sup>89</sup>

Oversupply is defined as excessive supply. Yet “excessive” supply is a relative term, which would be meaningless unless one refers to the level of demand. Thus, oversupply as a definition covers every single tobacco leaf in the stocks that is not bought or used. The figures in the statistics show us not the actual tobacco, but simply *representations*. They do not tell us about the quality or condition of tobacco; how and by whom the tobacco was grown; what price was paid for it; or even why this particular tobacco had to stay in the depots, while the other bales were being sold and used. Therefore, the numbers are merely abstractions of the tobacco in the stocks and they do not explain the specific details about the journey of a cultivated tobacco leaf from the fields to the depots of TEKEL. So let me summarize how a tobacco leaf falls into the category of oversupply.

When the transaction between a farmer and the monopoly is concluded in a specific crop time and space, the tobacco leaf, which is in the stocks now, has a particular value at that moment. But before it is sold, the tobacco leaf is required to get a set of approvals from different actors in the market. First, it has to pass the standardization and certification tests (categorizations of different tobacco kinds). All these technical requirements are the devices to turn a crop into a commodity and necessitate the indirect

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<sup>89</sup> Tobacco stocks of TEKEL (in tons)

Years	1994	1995	1996	1997	1998	1999	2000	2001
Stocks of TEKEL	507,176	443,950	337,161	283,249	370,577	461,505	489,053	471,864

Source: (Ataseven 2005, 32).

and direct involvement of different actors (tobacco regulatory agency, tobacco experts, tobacco leaf companies, etc).<sup>90</sup> The tobacco bale's exact price is determined according to these standards and then sold to the merchant. When the transaction is completed, the bale is simultaneously dissociated from its cultivator and becomes a commodity. The entire commodification process is framed to disentangle the crop from its previous attachments, such as farmer, field, and its growing process.<sup>91</sup> It is a process in which entities are transformed into things and then goods (Callon, Méadel and Raberharisoa 2002). The circulation of the commodity brings in new reattachments and detachments, and new values, while it changes hands.

But what is the difference then between a bale of tobacco and of *oversupply* tobacco? When the bought tobacco cannot be used in any cigarette factories or sold to other companies, its status changes. It would simply be framed again, but this time as an oversupply tobacco. The socio-technical arrangements, which work for the cultivated and sold tobacco, would also work for the oversupply, though in a different way. In order to categorize a crop, tobacco experts need to see it in front of themselves, though the basic reference would be a textbook that they would have read 10 years previously. However, the oversupply tobacco, which has already been subjected to these categorizations, would go through another framing; this time, not the *quality standards but quantity requirements would format the crop*. For example, when we are told that there is an

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<sup>90</sup> Here I will not elaborate on the framing of a commodity through standards, since Chapter Six provides a detailed analysis.

<sup>91</sup> This is basically the difference between a gift and a commodity. For example, Nicholas Thomas rightly argues that in order a thing to get commodified, it has to be disentangled from its context of production. In contrast, in the case of a gift the giver remains present in the given thing through transporting his/her agency to the gift (1991).

oversupply of 1,000 tons of tomatoes, we know that there is nothing wrong with the tomatoes' quality. The only -but the big- problem is that we simply don't need them. Therefore, the problem does not stem from the crop per se, but its *amount*. The only way to represent the oversupply tobacco is to illustrate it in the form of numbers. In other words, what the oversupply represents is an economic abstraction that can only make sense when translated into numbers. When the bale of tobacco enters into the statistics of economists as a figure representing the oversupply crop, it goes through another disentanglement process. It gets alienated from its prior context when it has a value. The bale of tobacco which has been bought from the farmer at a price, eventually loses its value in stock, while hopelessly waiting with the hundred thousands tons of tobacco leaves to be used or sold. Its commodification is disrupted and a reverse process, de-commodification, starts.

The figures of oversupply tobacco were circulated in the media and were turned into "immutable mobiles," a concept coined by Bruno Latour (1990, 26). The mobilization and immutability of these writings make other people copy and use them. First, these numbers (along with the figures illustrating the debts of the monopoly) were used against politicians as proofs of their "populist policies." It was claimed that the numbers explicitly demonstrated the irrational marketing policies of TEKEL, working against capitalist logic. TEKEL, with this sort of marketing logic, could never compete with the other multinationals. The entire argument against the monopoly supported by numbers has been appropriated to legitimize TEKEL's privatization. These numbers have become self-evident explanations of the government's mingling of politics with the economy. The populist goals focusing on the votes of farmers have influenced the

economy and caused a huge deficit coupled with enormous amounts of tobacco in the depots of the monopoly. In 1992 a tobacco expert explained the situation as such:

The local tobacco consumption is 80 million kilograms and exports are not more than 100 million kilos. According to this calculation, total consumption of tobacco is around 180 million kilos. However, the fact that there is 500 million kilograms overstock in the depots brings about the question of how we are going to decrease it. Such an inexhaustible accumulation of tobacco is not a result of economical but political reasons. As a matter of fact, the crops of 1991 were priced more than 100 percent. This kind of approach is contrary to the science of economics and against the interests of the country.<sup>92</sup>

The “science of economics” has turned the “irrational politics” of the government into numbers, the flat, “objective,” transferable figures, which are *performative* in several different ways. As Callon suggests, the theoretical abstractions of economists, such as tables, statistics, figures, equations, formulas, and theories, are part of the practical working of the economy. Economics contributes to the construction of the reality it describes (Callon 2006). However, as Callon continues, economics alone is not enough; it is necessary but not sufficient. It is the convergence of politicians, economics and socio-technologies that create a new cosmos, in which both humans (economists, experts, farmers,...) as well as non-humans (tables, formulas, tobacco...) interact with each other. In this world, the figures are not simply the economists’ *representations* of unused tobacco but the figures themselves constitute the category of oversupply. The oversupply tobacco is created within the tables of economists. Every unused tobacco is transferred into figures and seen as the obstacle keeping supply and demand curves in balance. The bale of oversupply tobacco is the reason for an unbalanced market. In the books of

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<sup>92</sup> Sedat Yener, “Yakilan Tutunler,” *Tutun Eksperleri Dernegi Bulteni*, October, vol. 7 (1992).

economists the remedy for oversupply is to introduce quotas on tobacco production and provide alternative crops to grow. In the practices of politicians, it is to burn tobacco.

Especially in the 1970s and 1980s, TEKEL regularly destroyed overstock tobacco. Yet, the highest amount of tobacco destruction (about 76,000 tons) occurred in 1994. While in the years of 1998, 2000, 2003, no tobacco leaf was burned, from 2005 to 2008 about 41 thousand tons of tobacco were burned.<sup>93</sup> A tobacco leaf has a market value for up to 6 years. The tobacco experts are responsible for the selection of the worthless tobacco. The last categorization of the tobacco bale is done to determine its demise. The crop that starts its journey as a commodity completes its life as waste. Or in other words, tobacco is turned into smoke before it is consumed.

### *Framing tobacco*

Two different political solutions were proposed to prevent the stockpiling of tobacco. The first one was to make farmers grow other alternative crops. In 2002 the Turkish government initiated a project to introduce new alternatives to tobacco production. With the financial support of the World Bank, the Agricultural Reform Implementation Project (ARIP) began in eleven cities in east and southeast Turkey.<sup>94</sup> The goal of ARIP, referred to briefly as the alternative crop project, was to support the cultivation of other crops, such as wheat, sunflower, canola, chickpeas, beans, lentils, maize, soybeans, cotton, sainfoin, vineyards, fruits, and vegetables, in place of tobacco.

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<sup>93</sup> *Ekonomist*, February, vol. 5 (2007).

<sup>94</sup> See details of the ARIP project at [http://www.arip.org.tr/aup\\_Tütün.htm](http://www.arip.org.tr/aup_Tütün.htm). Furthermore, see Hasan Huseyin Coskun (2004).



In order to compensate the loss of the tobacco growers who would switch to alternative crops, the government would pay \$80 per decare onetime. However, the program did not achieve its goal. In three years around six thousand farmers switched to other crops, which constitute about 18 percent of all tobacco producers. The key reason for this failure is that most of the offered alternative crops require irrigation and cannot be substituted for tobacco.

The second policy that aimed to curb the oversupply was quota restrictions. In 1969 a new tobacco law (1177) replaced the previous law of 3437 that had been enacted in 1938. The new law aimed to solve the problems in regard to gradually decreasing quality and increasing quantity of tobacco. Though proposed in the law, the quota mechanism was barely implemented, unleashing the production of tobacco in every kind of soil regardless of its suitability. When the tobacco stock increased to more than a couple years' demand, the quota system was put into operation in 1993 by the decision of the Council of Ministers.

For the year 1994, the quota was determined as 220,000 tons. The total quota amount was first calculated according to the regions' capacity and then distributed to cultivators in those regions.<sup>95</sup> The distribution of the quotas among the farmers was done

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<sup>95</sup> The distribution of the amount among the regions was like this: 58% Aegean, 1.9 % Marmara, 13.1 % Black Sea, 3.6 % East, and 23.4 % Southeast.

with a simple calculation.<sup>96</sup> According to this simple mathematical formula, a quota was determined for each cultivator. The formula, like the oversupply tobacco figures, was *performative*. It transformed tobacco, farmers and the tobacco market.

In the first years of quota application, in order to prepare cultivators for the new system, the government compensated the loss of each farmer.<sup>97</sup> The new regulation came with a requirement that crop could only be grown in arid fields, not in plain terrains. Also it was decided that the quota would not be given to farmers who grew less than 40 kilos on average over the past three years; who did not plant tobacco two years in a row; and who would like to start cultivating tobacco. Furthermore, it was stated that the growers who did not have production quotas, would not be counted as tobacco farmers anymore. Their crops would be unplanted immediately and the farmers would be responsible for uprooting costs. The quota policy would be implemented in 1995 and 1996, but in 1997 the government would suspend it without making an official declaration.

The goal of the quota policy was to frame the market through a series of legal and technical processes and thus to bring the demand and supply curves in balance. In other words, the chains of formatting the market from countrywide to regions, from regions to

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<sup>96</sup> The formula is:

Production Coefficient: The sum of the tobacco production in the last 3 years in the region / Regional Production Quota
Quota of every section in the region: Regional Production Coefficient x The average of 3 years tobacco production in the section
Farmer's quota: regional production coefficient x the average amount produced by the farmer in the last 3 years

<sup>97</sup> The compensation amount was half of the price of the target price of that year with the difference between the average of farmer's tobacco produced over the past 3 years and the permitted amount of tobacco. The compensation would be paid by the state-run tobacco monopoly, TEKEL.

small villages, aimed at controlling the supply side of the crop. This process transformed farming practices as well as the tobacco itself, by reducing its quantity and restricting its plantation in certain regions. However, the quota practice would be suspended just before the general elections. The framing of the economy would be disturbed once more and the termination of the quota policy would be echoed in the media as “the government let farmers grow tobacco that would be burnt.”<sup>98</sup>

The ultimate control of the tobacco supply would be sustained with the Tobacco Law in 2002. Under the continuous pressure coming from the IMF and the World Bank, a regulatory tobacco board was established and contract farming was introduced to sustain the conditions for a competitive and free tobacco market. The government’s intervention was abolished. However, though it was taken for granted that the new system under contract farming would bring about the desired free market economy, would it be the case in practice?

#### *How free is the free market economy?*

Up until the enactment of the Tobacco Law, farmer’s registration to TEKEL was the first and single requirement for growing tobacco. Farmers who wanted to grow this crop had to receive identification cards, which are called *koçan* (or *cüzdan*), from TEKEL. *Koçans* include simple information about the grower and the crop, such as the name of the farmer, size and location of the land and the expected amount of yield. Since the Ottoman Empire period, the *koçan* system has been in use (Ornek 2004, 93) with the

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<sup>98</sup> M. Hakki Ozbayir, “Devlet Yakacak Tutun Ektiriyor”, *Hürriyet*, August 1, 1996.

goal of avoiding illegal tobacco cultivation and trade, thereby protecting the tax revenues coming from tobacco, which has vastly contributed to the government's income.

However, everything was complicated when tobacco cultivators eventually obtained more *koçans* than they were required to. Each farmer was obliged to possess one *koçan*. However, after the irregular quota applications that restricted the amount of tobacco to be grown, farmers started to multiply the number of their *koçans* under the names of different family members (wives, sons, uncles, etc). This was illegal, yet there was no way to control or check it. In the end, the number of *koçans* outnumbered the actual tobacco cultivators, but represented all the members registered to TEKEL as legal tobacco growers. Eventually a big gap appeared between the *actual* and *legal* tobacco growers. This was interesting because the statistics reflected the number of the legal tobacco growers, not the actual ones. Politicians as well as civil society organizations have criticized the decisions of implementation of tobacco quotas depending on the biased numbers.

It became clear that the quota system would not work as a perfect structure, basically because of "populist policies." Then, contract farming was introduced as a more institutionalized (regulatory body), legalized (tobacco law) and naturalized (free market economy) mode of production. *Koçans* were replaced by contracts. *Koçans* were merely tobacco farmers' registration cards, whereas contracts brought in a more complex system in which the cultivators are required to conclude a legal transaction with tobacco companies before they start sowing seeds. Contract farming represents an agreement between farmers and contractors for the production and supply of agricultural products.

Under contract farming, farmers usually agree to deliver specific commodities in predetermined quantities and to meet predetermined quality standards, while contractors agree to accept products at predetermined prices. Contracts are the legal documents that bind both sides to certain provisions. But more importantly, they are truly market devices that frame the production conditions.

Contract farming has been widely discussed in the social sciences. Grossman (1998) explains that contract farming solves many problems inherent in both open market sales and vertical integration. While farmers benefit from a guaranteed market, buyers are involved in direct production, which provides a more regular and dependable supply (4-5). However, contract farming is fraught with problems, such as the 'deskilling' of farm work; decline in food production; and overuse of pesticides, endangering health and environment. Watts also claims that growers lose their independence under contract farming (1994, 64). While growers may retain possession of land, and nominally of domestic labor, contractors control the pace and rhythm of farmers' work. Furthermore, Clapp (1994, 92) shows that the contract represents an attempt to naturalize an unequal social relationship. The contractual relationship in fact legitimizes the reproduction of the farmer's subordinate position.

Although I agree with these insights and have attempted to contribute to these studies with my own work (Kayaalp 2007), here I see the contract as a 'market device'.<sup>99</sup> Inspired by science and technology studies, I take contract as a device that contributes to

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<sup>99</sup> For an excellent discussion of examples of "market devices", see the edited book by Callon, Millo and Muniesa, *Market Devices*, (Oxford: Blackwell, 2007).

the construction of markets -like pricing models, merchandising tools, or trading protocols. Through abstraction, contract removes the tobacco production from its context and transforms it into a calculable space. This is what I call the framing of tobacco production. Let me explain further.

In “The Social Construction of a Perfect Market,” Garcia-Parpet discusses the strawberry auction market at Fontaines-en-Sologne as a “concrete realization of the pure model of perfect competition, a model that occupies pride of place in economic theory” (2008, 20). This new market was a deliberately planned creation. The computerized auctioning system, as well as the architectural design of the place, were both designed to create a market where relatively homogenous goods would be exchanged by competitive buyers and sellers. As Garcia-Parpet argues, everything was planned in a way that “social factors” would not enter in to disturb the market. The perfect functioning is “due not to market mechanisms or to an “invisible hand” that has been restored by the application of noninterventionist principles of *laissez faire*” (ibid., 45) but rather to the economic models according to which it was established.

Likewise, in the Turkish tobacco market, the ultimate goal has been to keep the equilibrium between supply and demand in balance. The whole organization of the new market was conceived with the idea of adjusting the relationship between supply and demand and, to achieve this goal, contract farming was introduced. And the contract would frame the market in a way that everything to do with the quality and quantity of tobacco has to take place before the sale actually begins. Of course, contract farming would not operate flawlessly without running into problems or leading to unintended

consequences. However, as in the case of the strawberry market, contracts would work towards preventing the intervention of social factors in the economic realm. The disentanglement of the crop would fully be enforced at both micro and macro levels.

At a macro level, contract farming aims at preventing the mingling of politics with economics. The proper functioning of a competitive market economy would be sustained with the abolishment of state regulation. Under the terms of contract farming, potential troubles in the sector would remain irrelevant. What matters is to sustain the balance between supply and demand by closing off all the decisions about tobacco within the economic realm. And the sole authority in charge of the economic decisions would be the tobacco regulatory board, an expert team, established with the Tobacco Law.

At a micro level, on the other hand, with the disassociation of the crop from its previously embedded context, the controversial debates, such as the production conditions and the prices offered to farmers, would also be out of date. The contract is signed between the farmer and merchant so long before the actual tobacco seed is sown in the field. More precisely, the conditions of production, such as standards, grades, prices, are already put into place before the plant comes into existence. *The contract frames tobacco long before it is produced.* As Caliskan (2007) shows in the case of cotton, the crop undergoes formatting before it is fit for the market. Similarly, in my case, tobacco is disentangled from the context it is embedded in a way that the desired market conditions become possible. The contract as a device would make the market model invented by the economist real. No oversupply tobacco would be grown, and thus supply and demand would be in balance, making the market work as explained in textbooks.

The basic assumption behind the Tobacco Law and thus contract farming is the necessity to transform the economic transactions into the free market setting. Without the interference of the state, merchants and farmers would enjoy the benefits of competitive market prices. But my experience in the field showed me a different kind of market that is not as free as it is represented to be.

According to the new law, every tobacco company has to sign a contract with a tobacco cultivator. As mentioned before, the contract determines the conditions of cultivation as well as the quantity to be produced and the price range offered for different crop qualities. It is an agreement completed on a prospective crop that is not grown yet. So the contract in question is concluded for a non-existing but “typical” crop -a tobacco plant that we know from agricultural books. The controversy between buyers and sellers starts after the “real” tobacco is grown. The “real” tobacco is the crop of famines, floods, blue mold diseases and family disasters. It has a history and does not always grow in the way it is supposed to. The categorization of the “real” tobacco, according to the criteria of the “typical” one, usually ends up with lower prices and creates numerous arguments between sellers and buyers. But contracts signed before production make all controversies passé.

Farmers stuck with their contracted buyers do not have any choice but to sell their crops to them. The tobacco market being structured under contracts strictly binds sellers to buyers. The underlying logic of contract farming is to initiate a competitive market setting, but instead it has brought about a more strictly designed and controlled structure preventing all kinds of competition. Furthermore, it is not a secret that tobacco leaf



companies negotiate with each other about the price they will offer to farmers.<sup>100</sup> Thus, the tobacco prices along with production conditions are also framed beforehand (though every transaction seems to be concluded on an equal and competitive basis).

In the old tobacco market, on the other hand, tobacco farmers used to have the flexibility of choosing their buyers. Farmers first had to report to TEKEL the quantity of tobacco they would cultivate for that year and get it written on their *koçans*. The negotiations with merchants began after tobacco was produced. Tobacco experts from both private companies and TEKEL used to pay visits to farmers' barns to grade their crops. After grading tobacco, TEKEL used to announce the maximum price offered for the best quality crop. Farmers, having different grades for their crops from different merchants, were then able to calculate how much they would earn. They had the option of choosing their buyers, usually the highest grader, and then conclude their agreements. This tobacco market offered a more competitive setting with its diverse choice of sellers and thus prices. However, international financial institutions were concerned that the existence of a state monopoly, an institution guaranteeing a minimum price and purchase of all tobacco, inhibited the development of the free market. It is correct that the monopoly's purchase of all grown tobacco gradually raised the supply side and created a big hole in the budget. But it is very hard to claim that the monopoly's price intervention was really an obstacle to the development of a competitive market. On the contrary, the

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<sup>100</sup> According to the press release of Tobacco Producers' Union (July 2006), the monopoly of leaf companies is established under contract farming. See (Otanez, Mamudu and Glantz 2007) for a similar discussion of how global tobacco leaf companies control the tobacco market in Malawi.

old market was relatively more competitive and “free” compared to the contract system, as one tobacco expert stated:

The [new] liberalized market remains less liberal compared to the old system. Indeed, the old regulated system fit better to the conditions of free market. There was an unprompted auctioning in the old system. Because every cultivator was visiting merchants one by one and then choosing the one that was offering the best prices or serving best his interests. But this is not the case now. The farmer is subordinate to one merchant. So how can we say that this market is free?

Ostensibly, there is confusion about what people understand from the free market economy. Almost every actor in the tobacco sector seems to be a proponent of economic liberalization, but what each proposes and understands from the free market is different. From the perspective of the international financial institutions, as well as national proponents of neoliberal policies, free market simply implies the non-intervention of the state. On the other hand, farmers, experts, and tobacco leaf companies consider the intervention of the state not necessarily an obstacle to the formation of a competitive market. Even for multinational cigarette companies, the monopoly's intervention, as long as it buys the entire cultivated tobacco crop up to the last leaf (but does not set the minimum price), does not constitute a problem. Indeed, multinational cigarette companies have already developed strategies to turn the presence of the monopoly into a favorable situation. Through exploitation of the loopholes in the semi-state controlled economy, they have been able to benefit from the oversupply tobacco is only possible with the presence of the monopoly. The following section aims to unfold how the new ‘free market’ economy under contract farming is being experienced in practice.

*200 kilograms of tobacco*

As mentioned before, the new tobacco law has phased out the support purchases of TEKEL. Basically this meant that the monopoly would purchase tobacco according to its needs. With the new policies that seek to turn TEKEL into a rational and profit-seeking company, a major decline in tobacco production as well as in the number of producers has occurred. The enormous supply of tobacco radically dropped.

After calculating the actual required amount of tobacco, TEKEL decided to sign contracts with cultivators all around the country up to 200 kilograms. This policy has resulted in different consequences in two different regions of Turkey. In western Turkey, the growers could sell their crop either to TEKEL or a leaf merchant, or both. But after the enactment of the Tobacco Law, the monopoly's active buyer role was immensely diminished given that it was allowed to buy 200 kilograms of tobacco from each cultivator. The farmers in western Turkey, who used to sell their yield exclusively to TEKEL, have started to either produce other crops or sell their tobacco to other leaf companies. The reason is obvious: 200 kilograms of tobacco is not enough to earn a living.<sup>101</sup> In eastern Turkey a different story has taken place. There has been no tobacco buyer other than TEKEL in the region for decades. While the tobacco sector in the east has been a truly state controlled market, in the west it has been shaped by the interaction

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<sup>101</sup> In 2003, the average price of tobacco was 5 million Turkish Lira (approximately \$3.3) per kilo. If a cultivator decides to sell his tobacco to TEKEL, he will earn 1 million Turkish Liras (\$660) for one year, which is far below than the necessary minimum amount for the survival of a family. Though in the following years, TEKEL increased its quota amount up to 1000 kilograms in this region, the number of tobacco cultivators working for TEKEL severely declined.

of the private sector and the monopoly.<sup>102</sup> The fact that TEKEL has been the sole tobacco buyer in the east has amplified the impact of the tobacco law in the region. The following section will discuss the transformation after contract farming in one of the poorest cities of the country, Adıyaman.

Over the course of my fieldwork, I had the opportunity to travel to Adıyaman twice. It was not a place I had planned to visit before the fieldwork. The first time I visited Adıyaman was during a long field trip with tobacco experts, which coincided a period that TEKEL was concluding transactions with farmers. In the middle of thousands of tobacco bales under a wildly hot sun, being unable to speak Kurdish, and moreover, being the single woman there, I was a hopeless ethnographer. Yet, my speechless experience was strangely shared by the farmers standing still there for hours. I was struck by the fact of how “this tobacco market” was so different from the one in western Turkey, which was perpetually crowded, loud, and fervent. The Adıyaman market, on the other hand, seemed to be quiet and almost depressive, yet the lingering uncanny feeling in the air gave me the impression anything could happen at any moment.

I had been told many times about the armed attacks against the experts during the mid-1990s in this region. Several tobacco brokers cropped up and began to sell the real cultivators' tobacco to TEKEL. Any price over the real value of tobacco would be their profit. Therefore, showing their guns on their belts, sometimes openly threatening the experts and sometimes badly injuring them, they wanted to get the highest price even for

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<sup>102</sup> It is pertinent to note here that rather than considering public and private sectors as completely separate domains from each other, I see them impacting each other continuously. However, in Adıyaman the situation is somewhat different where it is solely the state monopoly, which rules the tobacco market.

the crappiest tobacco. A couple of experts told me how they had once been forced to buy a lump of mud and stone wrapped in tobacco leaves. There were also heroic stories about how several experts stood up and defended the interest of the monopoly, thus the state, at the expense of being badly injured. I was told that most of the brokers were working for the PKK (Kurdistan Workers' Party, labeled a terrorist organization by the Turkish government), which means that the retail done by TEKEL in the region was in fact feeding the activities of the Kurdish separatist movement. In other words, it was argued that the money earned from the monopoly was being used to combat the Turkish state. Tobacco experts seemed to be accusing the farmers in the region for collaborating with the Kurdish guerillas.

After tobacco brokers lost their interest in tobacco, when the crop was not as profitable as it used to be, the market seemed to return to its old routine: farmers grew tobacco and TEKEL bought the yield. This was the market with no competition, no other buyers, and no surprises. When contract farming was initiated in 2002, it did not bring in new players to the market, nor did make it competitive. But it changed the structure of economic transactions by creating new opportunities for several people.

In my second visit to Adıyaman, I stayed at TEKEL's guesthouse with other Turkish government officials, one prison guard, one civil officer, and several tobacco experts. After a while I decided to break the circle of the Turkish enclave, and talk to farmers in the neighboring villages. Then, I found Sami Bey, one of the tobacco experts who was a local of Adıyaman and, different from other experts, sympathetic to Kurdish farmers. Everyday we visited a different village. It was hot summer and nobody was in

the fields. We always met tobacco growers at the headman's house or office, and Sami Bey patiently translated every conversation for me.

Farmers were very poor, much poorer than tobacco growers in the west. They continuously complained about their exclusion from the socio-economic welfare policies of the Turkish government.<sup>103</sup> Overall the southeast of Turkey is the most underdeveloped region in the country and Adiyaman is not an exception.<sup>104</sup> The cultivable lands in Adiyaman is about 298,956 hectares, that is 39 percent of the entire land. However, the lack of irrigation means these lands cannot be effectively cultivated. Only 32 percent of these lands are being irrigated and mostly by the personal efforts of landowners. It is ironic that Adiyaman is located in the Southeastern Anatolia Project (GAP), which was originally planned in the 1970s as a project for irrigation and hydraulic energy production on the Euphrates and Tigris rivers. The project covers 9 administrative provinces (Adiyaman, Batman, Diyarbakir, Gaziantep, Kilis, Mardin, Siirt, Sanliurfa and Sirnak) and envisages the construction of 22 dams and 19 hydraulic power plants and irrigation of 1.7 million hectares of land. However, the construction of the

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<sup>103</sup> Adiyaman differs from other Kurdish cities in the region with its strong emphasis on religious identity, that is Sunnism. People in Adiyaman tend to identify themselves more in terms of religion rather than ethnicity. However, both their ethnic and religious identities cause problems for the Adiyaman Kurds. As one of my informants stressed, they would always remain as rebellious Kurds from the perspective of Turks, while they are regarded assimilated Kurds by the Shia Kurds.

<sup>104</sup> According to a survey done in 1998, the annual income of an individual is about 1198 USD, in *Gelir Dagiliminin Iyilestirilmesi ve Yoksullukla Mucadele, Ozel ihtisas Komisyonu Raporu, Sekinci Bes Yillik Kalkinma Planı*, (Ankara: DTP, 2001). Adiyaman had a population of 623 811 in 2000, of which 54 percent inhabit the city, whereas 46 percent live in rural areas. The fact that 74 percent of the employed population of Adiyaman is working in the agricultural sector explains why the inhabitants are very poor. For further information, see *Adiyaman Ili, Ekosistemine Uygun Tarimsal Urunler*. (November 2003).

biggest dam of Turkey in the region just worsened the situation in Adiyaman given that eighty villages fell under the waters of the dam. Furthermore, the farmers in Adiyaman, having lands with higher elevation, are not able to use the dam water without utilizing pumps, which actually means an overwhelming cost for the budgets of small farmers.

The lack of an efficient irrigation system has led the farmers to concentrate mostly on the production of arid climate crops, such as grains and tobacco. 63 percent of the cultivable areas are used for grain production, in which wheat and barley take the first two ranks. The production of grains is profitable only on large lands with the usage of tractors. On the other hand, tobacco, although requiring an extremely labor intensive process, offers relatively higher revenues per decare. Furthermore, the input costs in tobacco production are very low since there is no need for any fertilizers, pesticides or artificial irrigation.

The massive transformation in Adiyaman started with the contract farming system. By disregarding land size, economic situation and the previous amounts of tobacco produced over the past years, contracts signed with the growers allowed them produce up to 200 kilograms. The number of tobacco growers, which was around 40 thousand in 2000, dropped to 30 thousand in 2005, while 22 thousand 638 tons of tobacco produced in 2000 declined to 6 thousand tons in 2005. As clearly seen, the decline in the number of tobacco growers and the amount of tobacco is not proportional. The reduction in the numbers of tobacco growers is 26 percent, whereas the decline in production remains at 73 percent. I will explain the reasons for such a kind of disproportionate change.

Under a system whereby the tobacco supply is being restricted to 200 kilograms per cultivator, the only solution left for farmers is to *purchase* contracts. Only the tobacco growers, who used to have *koçans*<sup>105</sup> in the previous system, are permitted to sign contracts with the state monopoly. In other words, contracts are required to be signed with the legal cultivators of the previous system. The restriction put on the amount of tobacco has eventually created an unregulated market. Several legal cultivators possessing *koçans*, and thus the right to sign a contract with TEKEL, have started to rent their contracts. Though the exchange of contract is illegal, everybody including the TEKEL officials are aware of this kind of transaction. This explains why the number of tobacco growers did not drop as radically as the amount of tobacco produced. In this new system, every single *koçan* is used. Even people who stopped producing tobacco several years ago, but are legally entitled to grow tobacco, have taken advantage of the new system and started to rent their rights to sign contracts. The “real” farmers were in fury, as this system created *koçan* entrepreneurs, who are the legal cultivators but not actual tobacco farmers:

The guy [who has a *koçan*] is a civil officer. He has no idea about how to produce tobacco. [...] On the other hand, I pay for 300-350 million Turkish Lira to buy the *koçan* from him. It is an unjust profit. I hope this system will be over and the real tobacco growers will be singled out. Whoever really grows tobacco must have the certificate.

A tobacco grower who used to be producing one ton of tobacco with one *koçan* in the past, now needs 4 more contracts to grow the same amount. Therefore, cultivating the same amount of tobacco in this new system simply increases the cost of production.

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<sup>105</sup> Farmers use the terms *koçan* and contract interchangeably. Though the *koçan* system was replaced by contract farming, the documents have the same basic function in terms of who is entitled to cultivate tobacco.



The price of contract rental varies from 50 to 350 million Turkish Lira according to the tobacco price that year. The new system under contract farming has resulted in the formation of an unregulated market. The farmers found a way to circumvent the restrictions of the regulated market and created their own market in which the *contract has become a commodity*. The contract, which used to be a paper illustrating the legal transaction between producer and buyer, has turned into a commodity circulating among producers. Its value has changed from a legal paper to a means of exchange.

Holm and Nielsen (2007) examine the emergence of a similar kind of market for quotas in Norwegian fisheries. The authors analyze the historical trajectory in which fish has become private property and fishermen have become quota owners and property managers. Fish quotas become tradable objects in spite of the absence of formal recognition.

Something has happened to the fish and the fishermen. Twenty years ago, there was open access and fish were common property. The fisherman was a kind of hunter. Today, access has been closed. Fish, at least fish quotas have become property. The fishermen have turned into quota owners and property managers [...] How is it possible for un-caught fish to become a private property in a socially binding way? What kind of framing is capable of producing fish quotas as tradable objects? (174).

The un-grown tobacco, like the un-caught fish, becomes private property in a socially binding way, thanks to contracts. Thus, like fish quotas in Norway, contracts also happen to shape life of fish and fishermen as it is. They have not only engendered the formation of a new market but also transformed the social structure in the region. They have rearranged the social structure by replacing old hierarchies with new ones.

*Dispossessed citizens*

In Adiyaman villages, sharecropping is very common. According to a recently conducted survey, 59 percent of farmers do not have their own lands in southeast Turkey.<sup>106</sup> The concentration of huge lands in the hands of a small group and the existence of a high number of sharecroppers make the survival of independent small farming in the region not viable. In several places of Adiyaman, the vast areas belong to one or two families that employ sharecroppers to cultivate their lands. The profit is usually shared on an equal basis between landlords and sharecroppers. Yet, the necessity of renting additional tobacco contacts and thus, the rise in the cost of production have led some large landowners to switch from tobacco to other agricultural crops, as one farmer expressed:

Large landowners have to buy *koçans* too. So what is left to them [as profit] is nothing. But when they grow wheat, they make more money. Say, if they have produced 200 kilograms of tobacco, then the landowner is going to give 100 kilograms to the sharecropper. On the top of it, the landowner is going to pay for the *koçan*. In the end, what is left for him is about 25 percent of the entire tobacco profit.

With the use of machinery on large-scale plots, landowners can earn more from the production of grains than they would earn from tobacco. As seminal as large landowners' switch from labor-intensive crop to machinery-intensive crops, sharecroppers' reluctance to cultivate tobacco has also brought about a decline in sharecropping. A politically powerful landowner, having 3000 decares of land, had to stop cultivating tobacco when he was not able to find any sharecroppers anymore:

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<sup>106</sup> *Radikal*, August 8, 2006.

Almost for 50 years, we have been growing tobacco in Adıyaman. We have inherited it from our father and grandfather. I had 50 sharecroppers. Now in my village there are only two [sharecroppers] and I am trying to maintain them in the village to take care of the houses by paying salaries. Out of 50 people, now I have two of them [...] What happened to the 48 sharecroppers? They went to cities.

The landless sharecroppers are the most deprived ones among tobacco cultivators.

After sharing the input costs with landlords, such as the purchase of contracts, they earn half of the tobacco profit. According to the law, they are eligible for “Direct Income Subsidies,”<sup>107</sup> but since the landowners do not sign rental contracts to avoid the wealth tax, sharecroppers cannot prove that they grow tobacco as tenants and cannot be provided support from the government. In Adıyaman, it is very easy to come across farmers producing 200 kilograms of tobacco and earning 350 million Turkish Lira (approximately \$235) annually. One farmer expressed his situation under contract farming as such:

I used to produce 4 tons of tobacco. Now they told me that I could produce only 200 kilograms. As a breadwinner of a family of 6 people, how am I supposed to earn that money? I am sending the kids to other cities as seasonal workers.

Sharecroppers found a way to survive by becoming seasonal workers. However, the definition of being a seasonal worker has a flexible meaning in the region as the conditions of life get tougher. Landless cultivators go to other regions of the country not only for one season.<sup>108</sup> Their traveling to several places extends to one year, which means that they have been working more like wage laborers. In April, they go to Çukurova for cotton hoeing; at the end of June they go to Malatya for apricot picking; in mid July, they

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<sup>107</sup> For the explanation of “Direct Income Subsidies”, see footnote 84.

<sup>108</sup> Seasonal working is mostly reserved for kids between the ages of 12 to 18. Kemal, who is at the age of 15, has been traveling to other cities as a seasonal worker for the last two years. In 2005, with his two siblings, he first went to central Anatolia for chickpea harvesting and afterwards to Malatya for apricot picking. He earned 390 milyon Turkish Lira (approximately \$260) in 40 days. And the following year, he went to Malatya alone, and when he came back to his village, he helped his parents in tobacco cultivation.

travel to the Black Sea region for hazelnut picking; at the beginning of September, they again go to Çukurova for cotton picking; and in September and November they go to central Anatolia for potato harvesting.

Landless tobacco cultivators are the most economically marginalized ones, but moreover, their social rights are also at risk. Though it is a very complicated and detailed change happening at the micro level, it needs to be explored to disclose how the practices of different government offices contradict each other and prevent these farmers from enjoying their social and economic rights. Out of 23,500 people in Adiyaman, who are assigned to the Social Security Organization for Artisans and the Self-Employed, namely Bag-Kur, 14,886 cannot pay their regular installments to the Organization and thus cannot benefit from the services of it, such as receiving retirement money or health insurance.<sup>109</sup> Tobacco cultivators' registration with Bag-Kur started in 1991, when the monopoly began to cut off money from farmers' earnings for Bag-Kur. Farmers in Adiyaman are able to pay their installments to Bag-Kur as long as they produce tobacco. Their installments for Bag-Kur are being cut automatically from what they earn from the monopoly.

When the situation in tobacco production got worse, most of the tobacco cultivators, especially sharecroppers, applied to obtain a *Green Card*, a social assistance mechanism to provide basic health care coverage for those with low income and without any social security. However, their applications were turned down on the basis that they had already been registered with another social security program, that is Bag-Kur.

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<sup>109</sup> *Radikal*, January 9, 2005. In the newspaper, the referred research is a study conducted by the Bogazici University Social Policy Forum.

Though the cultivators are unable to benefit from the Bag-Kur services, they are registered as the holders of this social security program which prevents their utilization of another social welfare program. What is striking in case of Adiyaman is the existence of so many marginalized tobacco growers, who can neither pay the rest of their installments for Bag-Kur, nor obtain a *Green Card*. However, the situation is more complicated than a situation in which farmers are simply being deprived of any social security benefits. As one tobacco grower expressed, they are being forced to make choices ranking from bad to worse:

The ones who cannot pay their installments to Bag-Kur, find themselves in a debt relationship with the Organization [Bag-Kur]. However, they cannot cancel their assignment to Bag-Kur. If they cancel that, they will have to terminate their right to produce tobacco, that is, they will have to give up their right to produce 200 kilograms [of tobacco]. If they don't cancel it, then they will have to give up their right to obtain a Green Card [...] Let's say, the farmer gives up his right to produce tobacco, and then gets a Green Card, how is he going to live then?

To obtain a Green Card, tobacco growers have to surrender their tobacco *koçans*, their rights to grow tobacco. On the other hand, if they pursue their membership in Bag-Kur, it seems very unlikely that they will be able to make the entire payments required for retirement under the worsening conditions of tobacco production. This intricate and perplexing picture has emerged with contract farming, forcing farmers to make choices among the government's crisscrossing policies. The unintended consequences of the so-called free market economy have produced dispossessed citizens, belonging to nowhere, even to their lands.

Caroline Humphrey (2002), while describing the situation in the early 1990s in Russia, states that the dismantling of the Soviet economy has created a pervasive condition of exclusion and deprivation of some people. Humphrey has called these

people as “dispossessed.”

[d]ispossessed are people who have been deprived of property, work and entitlements, but we can also understand them as people who are themselves no longer possessed. That is, they are no longer inside the quasi-feudal corporations, the collective “domains,” which confer a social status on their members and which in practice are still the key units in disposing property and people in Russia (21).

In a similar vein, the poor farmers in Adiyaman, who used to be living under the hierarchical and unequal but relatively secure social and economic shelters in their villages, have now been left alone. The sharecroppers are not needed anymore. The government is not only unable to fill the emerging vacuum, but also it deprives the sharecroppers of their basic social rights with its mutually exclusive policies, resulting in the further marginalization of the tobacco cultivators.

### *Who is a farmer?*

In Turkey two decades ago every farmer could grow as much tobacco as he would like. But then something happened. The depots of the monopoly filled with huge amounts of tobacco far beyond its needs, and this led to the emergence of a new set of economic and political policies that aimed at controlling the tobacco supply. First, the oversupply in the stocks of TEKEL transformed into figures in statistics illustrating why the monopoly could not succeed at running as a profit-seeking company. The “waste” could only be prevented by restricting the amount of produced tobacco. The end result was the implementation of the quota system for three years, which actually worked very well in decreasing the total amount of the crop. However, the incessant political intervention in the economic realm ended with the termination of the quota policy. When the IMF and

the World Bank forced the country to pass the tobacco law in 2002, the tobacco market would change irreversibly. This time the framing was much stronger than the quota system.

What has changed with contract farming? How has it transformed tobacco as a crop and the tobacco farmer as an individual? Contract farming has brought in a formal apparatus that defines and produces tobacco as a commodity. In this mechanism, the bundle of entitlements that frames tobacco over and over again has transformed every actor involved in this process. Let's start with the tobacco farmer first.

Today, in order to be a tobacco cultivator, one should sign a contract with a company, and only after signing a contract can one have the legal permission to grow tobacco. In other words, the farmer becomes a farmer as long as he can find someone to buy his crop. The definition of the farmer has changed from a person who grows tobacco, to someone who can find potential demand for his *not-yet-grown* crop. The status of farmer is framed even before he starts planting tobacco seeds in his field. Rather than growing the crop, holding the right to sign a contract makes the cultivator a farmer. For example, in Adıyaman, the people who have *koçans* and the *right to sign contracts* are considered legal farmers, not necessarily the ones growing crops. Several *koçan* holders have nothing to do with farming and work as civil servants in a government office or have grocery stores, but as they possess certificates and reserve the right to sign contracts, they are legally considered farmers.

Under the system of contract farming, tobacco as a crop has changed, too. While a substantial drop in the amount of cultivated tobacco has become inevitable in the attempt

to control the supply side, the emerging categorizations to determine the quality of tobacco has changed the entire commodification process. The entire journey from seed to commodity has become a more intricate process with the involvement of different actors and their new categorizations. But the most significant change has come to occur in the representation of the crop by a piece of paper, *koçan* or contract, which has become transferable from person to person. The right to grow tobacco is legally bound to the holders of those papers. Before the tobacco seeds are scattered in the fields, tobacco is already framed as a commodity to be bought and sold by certain actors under certain terms and conditions. And moreover, before we see the first leaf of tobacco in the field, the transactions are already completed among the farmers and merchants. What is exchanged is not tobacco but the contract replacing what it represents.

The representation of the crop, as a legal paper, has created its own tobacco market. Once farmers become *koçan* holders and thus have the entitlement to sign contracts, they have taken advantage of the system and rented their rights to others. The contract has become a profitable commodity that is circulated in the tobacco market. Its value has changed according to the price of tobacco in different years, in various regions, and in the hands of different owners. Contract farming has created not only a new unregulated economy with the circulation of contract as a new property, but also transformed the human actors involved in this process. While several contract holders, farmers or not, have emerged as entrepreneurs, some of the cultivators have been further marginalized. Contract farming combined with the previous social structure in the villages has transformed the rural dynamics. The dissolution of the old structural hierarchies (such as the dissolution of the sharecropping system) has not necessarily



resulted in the benefit of the marginalized farmers. It has just replaced old hierarchies with new ones and created dispossessed citizens.

## Chapter 5

### Markets of Redistribution

I felt like I was the only woman traveling alone on the Batman plain. The few women who had taken their seats at the window side were traveling with their husbands and kids. Stewards rather than stewardesses took care of the service, I thought, due to the dominant number of male passengers. The weirdest thing was the Turkish and English announcements made on the plane, though the mother tongue of most passengers was Kurdish. When we landed, the first thing that struck me was the military atmosphere that was overwhelmingly present in the so-called airport, which was basically a huge field with an empty building. I even heard a gunshot, which did not surprise anybody but me. The tobacco expert, Mahmut, welcomed me and drove us to the TEKEL guesthouse, literally next door to the airport. Without spending much time in Batman, I immediately traveled to Kozluk, a smaller town, to report on the last days of tobacco retail.

TEKEL's office at Kozluk was the worst place I have seen since the beginning of my fieldwork. The building was run-down, filthy, bleak and simply uninhabitable. Farmers were impoverished, and the workers carrying tobacco bales were called "slaves," as the poorest of the poor. After the retail business, the tobacco experts gathered in a room to

chat. There were basically three mattresses, a large table, several chairs and a stove in the room. Thinking that three tobacco experts had spent more than six months in this small room made me wonder how they had been able to keep their mental health. The gloomy mood in the air was lost after a half an hour of complaints, and the experts almost joyfully started to talk about their memories of the “old terror” days: how they had to lock the doors of the TEKEL building and call the gendarme on the day they announced the prices for tobacco; how their building was fired on by tobacco brokers backed by the PKK;<sup>110</sup> how the price disputes ended up with clashes; how several tobacco experts were hospitalized; and how they had to put up with all the terror in the “tobacco fields” for years.

Almost every expert I met had a similar anecdote in eastern Turkey and almost all of them hated to be there, called “the exile.”<sup>111</sup> At the moment I was there, the degree of terror was not even close to that in the 1990s but the tension was still hanging in the air. The following day, when we were traveling to Sason, a beautiful, remote Kurdish village with its idyllic mountain, the driver showed us two huge holes caused by the explosion of mines last year. It was only I who seemed to get scared to death among the travelers. I was told that the driver knew the way and “everything is fine.” The Sason road, which

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<sup>110</sup> The Kurdistan Workers' Party known as the PKK. It is a militant group founded in the 1970s and led by Abdullah Ocalan. The group, which has Marxist-Leninist roots, was formed in the late 1970s and launched an armed struggle against the Turkish government in 1984, calling for an independent Kurdish state within Turkey. Since then more than 37,000 people have died in the clashes between the PKK and Turkish armed forces. The clashes peaked during the mid 1990s, when thousands of villages dominated by Kurds were destroyed. Over time, the Kurdish claims for an independent state were replaced by the demands for cultural rights. In 1999, Abdullah Ocalan was arrested.

<sup>111</sup> Most of the tobacco experts were resentful of the Kurds in general. Their strong nationalist sentiments made me keep secret my Kurdish ethnic origins.

was a dead end located in a valley, was notorious for several clashes that took place between the Turkish army and the PKK in the 1990s. Ambushes and attacks by the PKK made this route extremely difficult to travel and tobacco experts were always escorted by the Turkish armed forces on their way to Sason. This tobacco market, fraught with armed forces, violence, and terror, has been very different from the market I saw in western Turkey. The testimony of a young expert sheds light why the eastern tobacco market was structured in this way.



Figure 5: Tobacco Transactions in Kozluk

Erkan was in Kozluk in the beginning of the 1990s and continued to work there in the following years. These were the times when the corruption and terror reached its peak in the region. He was young and inexperienced at the time, and dependent upon the decisions of his superiors. He was aware of the corruption going on in the market, but as he confessed, there was nothing that he could do to stop it. It was difficult to prove bribery, as several high-ranking TEKEL officials were involved in it.

The corruption set up in the market was simple. In the 1990s, several tobacco

brokers emerged in the region, and bribed the TEKEL experts to grade farmers' crops at far less than their value. Displeased with the prices offered by TEKEL, the farmers turned to the brokers who would offer better prices but still less than the real value of the crop. After buying tobacco from farmers, the brokers would sell the crop to the bribed TEKEL experts at huge profits. This system eventually became the rule, rather than an exception. The experts who resisted getting involved in this set-up were severely beaten or threatened. To magnify the margins of their profits, the brokers even began to sell stones covered with mud and tobacco leaves to TEKEL. The profit was enormous. The more intricate part of the story involved the channeling of this money to the PKK, the Kurdish rebels.

The archival records I found were supportive of what Erkan had told me. In 1992, a tobacco mafia called the "happiness chain" was arrested in eastern Turkey. When the tobacco bales that the monopoly had bought was investigated, it was found out that 45 kilos of 61.5 kilos of a tobacco bale was constituted of mud and stones. Further examination showed that other bales were also filled with garbage. The brokers sold tobacco bales at about five times more than the purchased price to the bribed tobacco experts.<sup>112</sup> In the scheme, the newly retailed tobacco bales full of stones and mud were immediately got rid of in the Diyarbakir tobacco factory under the cover of burning the oversupply tobacco. Along with tobacco experts, the names of a soldier, a regional officer

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<sup>112</sup> The brokers had purchased the bales at 18-10 thousand Turkish Lira per kilo sold the same tobacco to TEKEL at around 55-60 thousand Turkish Lira. "Tutunde Milyarlik Vurgun," *Zaman*, July 24, 1992; "Tekel'de 96 Milyarlik Vurgun," *Hurriyet*, July 29, 1992.

of the National Intelligence Agency, several civil servants and the PKK were mentioned as the actors having been involved in the corruption.<sup>113</sup>

This was not the first or last incident of tobacco corruption in Turkey. The same accusations followed by interrogations would appear and eventually disappear in the media. The case was routine and ordinary, as if we might have come across a similar event in newspapers everyday in any part of the world. But what I find specifically fascinating in this event is that its simplicity discloses two different features of markets. First, it has shown me that there is no one single model of market. There are multiple markets working in various different ways. And second, it has plainly illustrated that several of them work through a secret complicity between state officials and criminal networks. These two points that are connected to each other make me question the absolute divide between two opposites such as informal–formal, official–unofficial and legal–illegal in explaining economic activities.

In the examples below, I will show how tobacco smugglers collude with army officers, civil servants, leaf companies and cigarette multinationals. The state's entanglement with the mafia implies, as Roitman argues, that "the state is at the very heart of the proliferation of unregulated economic exchanges as well as the pluralization of regulatory authority"(2004, 204). The dichotomies between public and private, state monopoly and multinationals, common good and self-interest have no meaning in such entangled networks. The legal and the illegal economies are connected and constitute one another. In the fieldwork, every day I came to realize more that the mechanism of

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<sup>113</sup> Republican People's Party deputy Mehmet Sevingen discussed the issue in the parliament: "Dogu'da 500 Milyarlik Yolsuzluk," cited in *Meydan*, October 29, 1992.

markets does work with the idea of corruption, illegality, unregulation as much as order, legality, regulation, and there is no way to distinguish these activities from each other since they are all the constituents of the same world, that is markets.

However, this chapter aims to go one step further than showing the complicit relationship of the state, leaf companies and cigarette multinationals that engage in illegal economic activities. The making and remaking of the official, formal and legal model of the market creates its “outside,” that is non-market activities. I argue that the idea of “what a market is supposed to be” has a constitutive power. The presupposed boundary between “the market” and what lies outside of it is very arbitrary as well as artificial, but indeed very effective. This distinction is so powerful that it can revalue the crop from waste to commodity or vice versa. Although the tobacco is the same crop, the redefinition of the boundaries of “the market” can turn what used to be legal transactions into illegal ones. Traditional modes of market transactions might fall into illegality in one day and this switch, emerged with the redefinition of the market, can provide a new source of wealth that is only accessible to certain actors.

The next section of this chapter gives a short critique of literature on the concept of the “informal market.” These studies will be analyzed with a critical approach to the way they have depicted markets and also shaped our understanding of the economy in general. Next, I will discuss two different episodes from tobacco markets in Turkey. Each episode unfolds the ways in which the value of tobacco is transformed in different contexts under different categorizations. Building upon the arguments developed in the previous chapter, the first episode aims to disclose the ways in which the unsold tobacco

has been turned from waste into a valuable commodity through its circulation in different domains. Following the same argument, the second episode explains how a lucrative crop in one market becomes waste in another.

### *Borders of the Market*

The concept of the “informal economy” has been used widely since the economic anthropologist Keith Hart first coined the term in 1973. Hart introduced the concept to explain the structure of the urban labor market of migrants in Ghana, and he associated it with the activities of self-employed sub-proletarian migrants, who stayed at the margins of the formal economy (1973). In the following years, the concept became a catchword for several scholars, who came to realize that the representations of the economics were different than what they came across in their fieldwork. Hart would explain it very well by suggesting that the informal economy was a way of giving expression to “the gap between my experience there and anything my English education had taught me before” (cited in Portes 1994, 427). The gap between economics and the economy in the “field” would be grasped with the new concept of the “informal.”

The Peruvian economist Hernando de Soto reformulated Hart’s original theme in *The Other Path* (1989), and argued that excessive regulation in the Latin American countries pushed the economy into informality, and thus prevented economic development. According to de Soto, too much state regulation was the main reason for informality. While accusing the intervention of the state, de Soto attributed a transformative potential to the entrepreneurial spirit of the informal economy. He claimed



that informal economic activity was more dynamic, efficient and cost-effective than regulated formal economy. In *The Mystery of Capital* (2000), de Soto brought forward the idea that the wealth remaining outside the formal economy should be brought into the formal economy to create further wealth. The countries outside the West that were unable to use the assets lying outside the formal economy/capitalism/market could achieve development simply by turning the “dead capital” into “live capital.”

The concept of the “informal economy,” in becoming more circulated and more recognized, has gained an established and natural dimension. The concept entered into economics textbooks and paved the way for the restructuring of the economy in developing countries with the collaboration of governments and international organizations. Timothy Mitchell (2008) discusses the projects that were initiated in Peru and Egypt to show how de Soto’s ideas have been recognized in economics and then developed into a device that formats the economy. The “informal economy” is never a neutral concept, or beyond political influences. It has turned into a socio-technological device according to which the projects of nongovernmental organizations, the fiscal plans of governments, and reports of international financial organizations are prepared and applied in the economy.

The “informal economy” has become a device defining the borders of “the market.” The endeavor of comprehending the “unusual” market activities that social scientists come across in their fieldwork has resulted in a series of categories of “exceptions.” The war economy, shadow economy, parallel markets, second economy, black markets are elements of scholarly concepts to define an arena that does not belong

to “the market.” The contours of “the market” are redrawn in every attempt to describe another “exceptional” case. What is singled out as exceptional has left no space for the unexceptional, and “the market” has gained a normative look, which seemingly operates far away from the distractions of wars, corruption, smuggling, fraud, counterfeit, and interactions of social networks. As new non-market activities are discovered, the idea of “the market” has become more idealized, more sterilized, and fallen further from reality. It is striking to see the similarity of this normative depiction of “the market” to the arguments of the neoliberal economists: it is the market that functions flawlessly unless interrupted by an external force. Yet, I argue that there are multiple markets, and each of them is fraught by power relations and interwoven with a series of both regulated and unregulated economic activities of a diverse range of actors.

Janet Roitman suggests that the “informal economy” is often signaled as a residual category (2004, 19). The concept implies that state and market remain central to economic activities, whereas unregulated activities summarized under the category of informal are sorted out as residual. However, as she argues, these activities are far away from being hidden, marginal, and exceptional. Although the “informal economy” is reserved for the economic activities of the dismissed, dispossessed, and unemployed people in marginal spaces, peripheries, or simply non-western countries, unregulated economic activities happen everywhere in the world. They are not “peripheral economy”; they constitute a large amount of what is called global economy.<sup>114</sup> It does not merely occur in places where the free market economies do not seem to function efficiently. The

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<sup>114</sup> For a similar argument of the offshore economy see (Palan 2003).

cities known as the centers of capitalism, such as New York, London, Hong Kong, are also centers of unregulated economic activities.

The concept's connotation that unregulated economic activities oppose the "formal" institutions such as the state is quite misleading. For example, according to Hart, the "informal economy" is itself defined as a reaction of the people to bureaucracy. By keeping the state and the market dualism in the center of his analysis, Hart conceives of the informal economy as a "market-based response of the people to the overweening attempts of bureaucracy to control life from above" (1992, 233). Hart's "informal economy" appears as an arena emerging from the antagonistic relationship between binary oppositions, such as market/state, public/private, etc. There are various studies<sup>115</sup> that have demonstrated how state institutions are often involved in these unregulated economic activities. As Roitman argues, the relationship between unregulated activities and the state is not oppositional, but it is "highly ambiguous: they are often reciprocal and complicitous as much as they are competitive and antagonistic" (2001, 241). While sometimes unregulated economic activities are functioning in opposition to the state's regulatory authority, sometimes the two realms cooperate with each other insofar that these economic activities "are important resources for representatives of the national economy, providing new rents for the management of both internal and international

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<sup>115</sup> See (Roitman 2001, 2004; Roitman and Roso 2001; Titeca 2006). For example, Titeca discusses that the smuggling of oil from Congo to Uganda by "OPEC boys" is happening with the knowledge of the state: the OPEC boys and the state are in a complicit relationship. Unregulated economic activities of the OPEC boys are at the heart of the fuel market, while the only three formal petrol stations of the town can be considered as residual.

conflict and the redistributive logics of national politics, and a means of insertion in the world economy” (ibid., 242).

Unregulated economic activities are not restricted to states, but they are sometimes linked to international financial networks. Elyachar (2005) focuses on the issue of the structural adjustment policies in Egypt and how the social networks and cultural practices of the poor are incorporated into “the market” with the collaboration of the state, non-governmental organizations (NGOs) and international organizations (IOs). Elyachar considers the structural adjustment policies as ways of governing people, creating new “calculative subjects” in Egypt with the collaboration of the state, NGOs and IOs. Her argument does not offer a static, fixed definition of the informal economy, on the contrary, she illustrates that what is called as the “informal economy” is defined and constituted by the efforts of the state, NGOs and IOs. She argues that “[n]etworks and practices that used to be seen as lying outside the market (or perhaps as a necessary environment for the market) became key ingredients of market success” (ibid., 5).

Elyachar shows us how the concept of informal economy has gained different meanings, from negative to positive, in different periods by different institutions. Yet, this does not mean that the concept was not real or did not have any impact. On the contrary, it turned out to be a category through which new policies are established to govern the populations. The informal economy has been defined, made and remade by the NGOs, which have used the concept as a tool for gaining power and generating wealth. Through the “performance of the economy,” NGOs gained power by creating entrepreneurs out of people in the “informal sector.” In the end, the informal economy is

absorbed into the notion of *the economy*. The integration of the poor to “the market” has become possible with the “accumulation by dispossession;” i.e. the opening up of new possibilities has actually ended up with the dispossession of them.

In a similar vein, Mitchell’s study shows how the housing projects inspired by the work of de Soto’s arguments, intended to include the poor in the formal economy, in fact excluded them (2008). De Soto, founder of the Institute for Liberty and Democracy in Peru, argued that most of the possessors of land and houses lacked formal legal title, which for him was an obstacle to selling or using them as collateral for loans. De Soto’s arguments initiated international projects that transformed the assets of the poor to the formal economy to create wealth. But what happened in the end was “a transfer of wealth from the less affluent to the more secure” (ibid., 267).

As Mitchell argues, markets do not have boundaries. However, the line drawn between “the market” and what lies outside of it in economics becomes a powerful apparatus for control over assets. In other words, what is lying outside “the market” becomes an area for generating new sources of wealth. The boundaries between the market and non-market, regulated and non-regulated, in fact have become a way of redistributing the resources that have always been there. It is not the recreation of wealth; it is the redistribution of existing wealth among new actors. Mitchell’s study vividly illustrates that the housing project has not generated wealth but resulted in the movement of resources of the poor to other realms. The movement of wealth from one sphere to the other became possible with the *performativity* of de Soto’s ideas; i.e the argument that unregulated economic activities must be incorporated into regulated economy.

Unregulated economic activities that have already existed for a long time, are defined under the category of the “informal market,” which is turned into a socio-technological device in the hands of governments and international organizations.

In the rest of this chapter, I will discuss two episodes from tobacco markets in Turkey. The first episode discusses the struggles over the oversupply tobacco. The emergence of the new wealth has become possible with the claims to the oversupply tobacco in the barns of tobacco farmers. The actors involved were not restricted to the farmers but also include government officials, tobacco leaf companies and multinational cigarette companies. The assets of farmers were transformed and redistributed through a play with the shift of the boundary separating the market from the non-market. My goal is to show the ways in which the existing wealth in the form of oversupply tobacco -left to rot in the depots- has become accessible for certain actors.

I will argue that the tobacco law, and specifically contract farming, has not only rearranged the tobacco sector but also created new opportunities for wealth. Access to the wealth accumulated in the form of oversupply has become possible as tobacco is transformed from a commodity to a waste, then to a commodity again, with a switch between regulated and unregulated economic activities. What is significant here is that the value is reproduced and then redistributed to certain actors with the shift in the definition of the market. Value is not intrinsic to the commodity, as we all know it, but it is created in different contexts. The “worthless” tobacco in the new market has become the source of wealth that has emerged in the unregulated market.

The second episode illustrates the power relations embedded in a similar process. The categories of legitimate/illegitimate and licit/illicit are constituted in arbitrary decisions, but what is important here is that these decisions are effective since they transform a valuable crop into waste in the new market.

*Episode 1: What is the value of unsold tobacco?*

While hanging up the phone, he turned around and said to the guy pouring tea into small curvy glasses, “yes, it was the same black Toyota.” I was in an internet café with lots of kids playing the pirated copies of videogames on bulky old computers and adults trying to find their cyber soul-mates in places far away from this Aegean village. The café was recently opened by the head of the single tobacco cooperative, Fevzi Bey, who invested all his money in this business. Our conversation was interrupted several times by his cell phone’s ringing, sometimes informing of a family event, and sometimes reporting a tobacco-related issue. The last call was about a tobacco case that Fevzi Bey and his friends from different villages were following for a while, and breaking news found its way from the tobacco fields to traditional coffee houses, and then to this internet café.

The main actor in the story is the black Toyota car traveling from one village to another to buy the unsold tobacco from the farmers. For the villagers, it was the symbol of greedy, exploitative and opportunist capitalism, simply because of the fact that the price offered for the crop was not more than half of its market value. The retailers, called brokers or collectors, were hired by tobacco leaf companies, though they would deny any

kind of connection if they were caught. But was there anybody who wanted to arrest and punish them anyway?

In the afternoon, when I arrived at the complex of the state-run tobacco monopoly, TEKEL, in another village, I found tobacco experts talking about the same black Toyota. Having known the names of retailers and even the companies that hired them, they seemed uncomfortable but paradoxically indifferent to the idea of taking action. I said, "but you know this transaction is not legal, you can report it to the tobacco regulatory board." "Yes," said the chief expert, "we can, but what is gonna happen to the tobacco farmers? And, anyways, everybody already knows about this."

The following days showed me that it was true that everybody in the villages, from farmers to the police and gendarme, was aware of the tobacco purchase done under the table. However, illegality had no meaning in this context since it was justified with the idea of the unsold tobacco; i.e. the crop that would be wasted unless sold in the next couple months. In the regulated tobacco market, the price of tobacco is determined according to the prices of previous years, whereas in such an unregulated setting, the price is set with the idea of what a disposable commodity can get at best.

Contract farming that was initiated with the enactment of the tobacco law in 2002 has created a new domain of illegal transactions. More importantly, this new realm of illegality has become a lucrative way of making quick money. Everything about the production of tobacco has remained the same (tobacco seeds, farmers, leaf companies and cigarette manufacturers); however, contract farming, by reformatting the market, has changed the rules of the game in favor of several actors.



Contract farming is based on the idea of making an agreement between farmers and buyers concerning the quantity and quality of tobacco-to-be-produced for the next year. Tobacco growers need to sign contracts with leaf companies to sell their crop. This contract binds farmers legally as they cannot sell their crop to another buyer, even if the final price is less than they expected or the tobacco they produced happens to be more than they contracted. Before contract farming, tobacco farmers were selling their crops to the highest bidder among tobacco leaf companies. The simultaneity of the transaction, with farmers holding the real crop on the one hand, and with tobacco buyers having cash money ready to buy on the other, bestowed some bargaining power to the growers. As discussed in Chapter Four, the old system was more competitive than the new “liberalized” tobacco market put into operation in 2002.

Moreover, in the previous system, there was no such category of “unsold” tobacco. After the purchases of leaf companies, TEKEL, the tobacco monopoly, had to retail all the tobacco up to the last leaf. This system had many shortcomings, as the implementation of the quota system to control the supply of tobacco was not well sustained. In every election year, the production quotas were removed, which would gradually lead to an increase in TEKEL’s overstocks. This tobacco in the depots would create its own market, too, as I will explain below.

Contract farming has shifted the old boundaries between legality and illegality of tobacco transactions. The old market transactions, which used to be conducted on a legal basis, have fallen into the illegal realm with the changes in the marketing structure now. But this newly created illegal realm with the presence of “unsold crop” has generated

new sources of wealth for several entrepreneurs in the sector. This system has created several opportunities not only for middlemen collecting tobacco from villagers, but also tobacco leaf companies and multinational cigarette manufacturers. The representation of unregulated market as an arena dominated by the unemployed and marginalized people simply was not true.

Since contracts are signed one year before the actual transaction, no one, including tobacco leaf companies and farmers, knows the exact quantity and quality of tobacco to be exchanged in the following year. The supply might be high or low according to the weather conditions. Also the demand for tobacco is not certain till the last minute. In my interviews I have learned that multinational cigarette manufacturers and tobacco leaf companies do not conclude a formal agreement for the exact amount of tobacco to be purchased one year later. Multinationals usually disperse risks among different leaf companies through informal agreements, basically providing rough numbers about the quantity and quality of different tobacco grades they would like to purchase in the following year. So contract farming actually binds farmers and tobacco leaf companies, but not necessarily cigarette companies. Yet, compared to farmers, tobacco leaf companies also have more flexibility. The legal framework drawn on the contract is very flexible when it comes to the issue of buying tobacco: the company does not have to buy the tobacco that is over the contracted amount or under a certain quality. The criteria for each of these issues are determined by tobacco experts hired by the companies.<sup>116</sup> The leaf companies, under the pressure of ambiguity of the amount of purchases from cigarette companies, try to run business by manipulating the contracts. If

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<sup>116</sup> I will discuss the standardization of tobacco in detail in Chapter Six.

the speculations of last year about the prices did not come true, and the demand was less than it was expected to be, then the leaf companies would find excuses not to buy the contracted quantity of tobacco. Or if the recent demand was higher than the amount of the contracts, they would buy whatever they could. The “margin” of the market is adjustable: it is shrinkable as well as extendable.

Contract farming is usually defined as an example of a postfordist mode of production, adjusting the quantity of crops to be produced according to the current demand. However, the Turkish experience of contract farming is slightly different from this. The tobacco demand of multinational cigarette manufacturers has always been speculative. The demanded quantity is an estimate. The leaf companies, on the other hand, have to plan their market transactions depending on rumors, speculations, social networks, more than “real” numbers. The tobacco market is constructed on expert knowledge, financial analysis of the international tobacco market as much as on eavesdropping, speculations, and social networks. And in this arbitrary scheme, the certainty of numbers, cold objective criteria of determining the quality of tobacco, presented as requirements for the proper functioning of the market, would be strictly applied when it comes to the transactions with farmers. Even one kilogram of tobacco might be a problem if it is more than the contracted amount in the transactions with farmers.

Let's turn back to our black Toyota. In May of 2006, tobacco leaf companies realized that even though they would buy all the cultivated tobacco at the end of the year (transaction usually happens in November or December), they would be short of the

amount of tobacco demanded by the multinationals. The estimated cultivated amount of tobacco would not meet the demand. The weather did not provide the best conditions for tobacco. The dry summer worked against the farmers' hopes and tobacco analysts' charts of estimated tobacco. Also the previous years' contentious market transactions decreased the number of producers, thus the amount of cultivated tobacco. Previous year, when the cultivated crop was far more than the contracted amount, leaf companies were stuck between the farmers with huge oversupplies and multinationals with less demand. The market transactions sparked numerous feuds. In the end, while some farmers became fed up with the arbitrary prices, and started to grow alternative crops, some others were simply left out by the leaf companies on the grounds that their villages were far away, total production was not enough for the cost of transportation there, or the quality of tobacco was not good enough. The dramatic decline in the number of tobacco farmers was reflected in the amount of tobacco produced the next year.

The following year, the leaf companies, estimating that they would be short of the tobacco supply, hired intermediaries to buy the previous year's unsold tobacco lying in the barns of villagers. Last year's unsold and thus valueless crop became the next year's lucrative commodity. Though the market partners were the same (farmers, leaf companies, multinational cigarette manufacturers and tobacco), the retail was now not legal under the new tobacco law. Contract farming has changed the terms of transactions by creating a new domain of profitable illegality, which would be exploited by certain actors in the sector. Moreover, the transactions in the illegal realm were not risky as they were overlooked with the justification that the "unsold" crop would rot if not sold.

With a shift in the definitions of the legal market, the leaf companies had access to the crop lying in the barns of the cultivators, which had been produced one year ago, but did not have an exchange value in the regulated market. The overstock that had remained in the houses of farmers would be transferred to the tobacco companies through a series of phases; from waste to wealth, from legal to illegal, from regulated to unregulated, from “the market” to “non-market” activities. The creation of a new unregulated market for the oversupply tobacco has transferred the wealth of farmers to tobacco companies.

The next episode also reveals a similar transformation in the value of the commodity in different markets. Yet, this time the marginalized crop is not oversupply tobacco but the tobacco which could not be categorized within the scheme of the regulated tobacco market.

*Episode 2: What is the value of non-categorized tobacco?*

In the southeastern region of Turkey, it is very common to see people selling loose tobacco on every corner of the street. Especially in the city of Adıyaman, sellers sitting on a stool with a sack of tobacco in front of them give a common picture of this city. The better-off tobacco sellers, who retail their commodity to other cities such as Urfa, or even to other countries such as Syria, have their shops in the bazaar. The racks in shops are full of different kinds of the same type of tobacco, known by the name of the town where it is produced: Çelikhan tobacco. Neither the sellers on the street nor shopkeepers have any trouble marketing this crop. The prices are better than for the

tobacco grown in western Turkey, the demand is always present, and this kind of tobacco is easy to grow. But there is one big problem about it: this ubiquitous crop is illegal.

The illegality of the crop has nothing to do with its content. It is the regular loose tobacco which the locals have smoked for decades. The pertinent thing about the crop is that when it is sold to TEKEL it is legal, but when sold to other smaller buyers, it is illegal. As discussed in the previous pages, after the enactment of the tobacco law in 2002, tobacco could only be produced under contract farming, and that produced out of the contract falls into illegal status and requires legal punishment for cultivators. This means that in order to grow tobacco on legal grounds, tobacco farmers have to sign contracts with tobacco buyers, either private leaf companies or TEKEL. Yet, private companies do not purchase the tobacco grown in eastern Turkey since it does not have the export value that the Aegean tobacco does. TEKEL's business in this region has frequently been criticized on the grounds that the monopoly is not running as a competitive, profit seeking and rational company. Buying this kind of tobacco, having no market value, has been regarded as TEKEL's mismanagement working against the logic of free market economy. TEKEL's goal to distribute income among the poor citizens by buying their tobacco in the underdeveloped region was claimed to be irrational. Moreover, TEKEL's distribution of wealth in the region, where Kurdish citizens mostly live, is regarded as a way for the government to gain the support of the people in the elections. Before every general election, it is not a coincidence that the price of tobacco has increased dramatically to gain the support of tobacco growers. Tobacco has been turned into a "voting" device.

In brief, although it would be a mistake to generalize different kinds of tobacco grown in eastern Turkey, overall it can be suggested that the market value for these kinds is not very high in the sector.<sup>117</sup> Among various kinds of eastern tobacco, the Çelikhan type has a specific place. It does not fit in the category of the majority (Oriental) of tobacco grown in Turkey. Çelikhan tobacco is not Oriental tobacco; however, its value is determined in regard to the criteria applied to Oriental tobacco. The fact that Turkey is the biggest producer of Oriental tobacco in the world, and thus arranges the sector according to this crop, results in the marginalization of the other types of tobacco. The Oriental kind is a small-leaf short plant grown without irrigation. Çelikhan tobacco, on the other hand, has big leaves, like Virginia tobacco, and it is irrigated. Almost every quality of Çelikhan tobacco, its size, smell, texture and color, is in opposition to the standards of good quality Oriental tobacco. Moreover, Çelikhan tobacco can only be used as loose tobacco, not fitting very well in blended cigarettes, which ultimately decreases its value in the cigarette industry. This makes Çelikhan tobacco unfit. In September 2002, Çelikhan tobacco was patented at the initiation of the farmers living in this town. However, the value of this kind would still be very low in the regulated market as the single “legal” tobacco buyer in the region, TEKEL, would continue to buy it very

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<sup>117</sup> There is no one single kind of tobacco in Turkey, as it is the case for every crop. There are several kinds, qualities, and thus prices. Prices of tobacco do not necessarily have to correlate with the quality of the crop. The price offered to each crop has sometimes very little to do with the demand in the market. The value of crop is mostly determined by the standardized categories of tobacco experts. Standardization is not merely about the quality but also the quantity of the crop. For example, Bitlis tobacco that used to be recognized as one of the best quality tobacco in eastern Turkey vanished given that the produced quantity was not enough to meet the cigarette companies' orders. Hence, the “good” tobacco does not necessarily mean the best quality, but the one of which the amount and the average quality can meet the requirements of the tobacco industry.

cheaply. In spite of TEKEL's low prices, the value of this tobacco in the local market has always been high due to the presence of a huge number of people smoking loose tobacco. Though Çelikhan tobacco has an excessive demand and value in the local market, it has been almost a worthless commodity in the regulated market. This would force farmers to make a decision about its marketing: either it would be sold for a low price but legally, or illegally but at a high price. Depending on to whom it is sold, the price and the status of the tobacco changes.

Outside the borders of the regulated market, the value of Çelikhan tobacco increases at least five times. In an unregulated market where individual buyers or shopkeepers purchase tobacco from the Çelikhan cultivators, the crop brings in high returns. For example, while the average price for loose tobacco in the local market was about 15 Turkish Lira, TEKEL would pay 4,650 Turkish Lira for the best quality and 2 Turkish Lira for the worst grade of the same tobacco. Since this kind of crop does not necessitate any industrial process, such as adding flavors, blending, or filtering, its marketing is pretty simple. It is cut into pieces and sold in the market in loose form. However, the law bans this sort of transaction. Because the processing of tobacco, even though it operates as a simple chopping process, needs to be legalized. Farmers and shopkeepers, however, do not have the economic means to meet the legal requirements of heavily invested tobacco processing plants.

In order to produce their crops under legal conditions, the cultivators are required to sign contracts with the monopoly. They have made contracts with TEKEL for the minimum required amount but cultivated as much as they could. After selling the



contracted amount to the monopoly, they have kept the rest of the crop for the local market. In this way, they have legalized the production by signing an agreement with a legitimate buyer, TEKEL, but also sold their crop covertly in the local market to earn their livings. In the absence of control mechanisms comparing the amount of tobacco cultivated in fields and that of tobacco sold in the local market, this system was fairly feasible.

Nevertheless, this system, working more or less on a steady basis, would be contested in 2005. Notwithstanding that the tobacco regulatory board was aware of the Çelikhan tobacco sales in the local market, they did not know how to handle the issue. They wanted to deal with the “problem” silently without attracting the attention of the media. The TEKEL experts were ordered to disqualify Çelikhan tobacco. In 2005, 923 tobacco contracts out of 1141 in Çelikhan were terminated on grounds of poor crop quality and low supplies.<sup>118</sup> TEKEL holds the right to terminate farmers’ contracts, if 25 percent of a bale is comprised of poor tobacco, or if it is less than the minimum required amount (200 kg). The terminated contracts are not renewable, and without contracts, tobacco cultivation is illegal according to the new tobacco law. Tobacco experts’ poor grading has disenfranchised the Çelikhan farmers from their right to cultivate tobacco.

When I visited Çelikhan, the villagers were busy developing a plan to legalize the tobacco production and marketing through a cooperative in the town. This cooperative would organize tobacco production, buy the crop from growers, process it, and then sell it in simple plastic bags. The whole process would gain a legal status with the creation of a

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<sup>118</sup> From a different account, 1025 contracts were terminated out of 1216 growers in the same year.

new tobacco processing plant. This plan, however, would not work. The farmers realized that the financial part of the project was not feasible. The new tobacco law necessitates the establishment of a tobacco processing plant (with complete and new technology) turning out at least 15 tons of other tobacco products in a single shift. This meant a huge economic investment. Moreover, even if such a processing plant were established, the cooperative would still have a hard time paying the 75 percent tobacco tax to the state.

The farmers, a tobacco expert and I went to see the Çelikhan mayor in his office. The entire meeting focused on the arbitrary distinction between legal and illegal marketing and licit and illicit tobacco. In describing their plans to establish a cooperative, the mayor started his talk with these words:

I am asking [the state] to register us under the formal economy. I don't want anything from the state, but not to overshadow us. [...] For us, this is not illicit [tobacco]. What is illicit anyway?

The mayor's explanations sparked a heated discussion among the villagers who were quietly listening to him. One of the growers told us a story:

In the old days, there were tobacco guards.<sup>119</sup> One day, one of the guards arrested an old man in his tobacco field on the grounds saying that his tobacco was illicit. The old man was so poor that he did not even have paper to roll his tobacco; instead he was smoking it with a pipe made from a walnut tree. When he was arrested, the old man asked: "tobacco is grown in my field and my pipe is made of my walnut tree, so tell me why is it illicit?" Our situation is the same. The reason why they think that our tobacco is illicit is because it is not regulated. We are asking them to regulate the tobacco business here. But in return, they ask us to fulfill a bunch of unfeasible conditions. We are not that powerful.

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<sup>119</sup> Here the villager is referring to the tobacco guards (*kolcus*) during the Ottoman Empire hired by *Regie*, which was a foreign-controlled monopoly agency, to raise income from tobacco in order to settle the Ottoman foreign debt. Many tobacco farmers and smugglers were killed in clashes with the *Regie* guards. *Regie* still occupies a substantial place in the collective memory of people dealing with tobacco. It simply represents western imperialism. See the last Chapter for details.

The farmers' insistence on being incorporated into the regulated economy, and getting their transactions legalized, did not end up with a solution. Access to the regulated economy was not easy. More correctly, making their local market legal was not easy. Their old local market has been functioning well for decades up until the tobacco market was redefined. The new market excluded all the old transactions and marginalized the Çelikhan farmers as well as their tobacco. Though the two markets coexist together, the move from one to the other was not possible. What the farmers have done was to grow Çelikhan tobacco in the legal market and then sell it in their own local market, which has become illegal now. The tobacco regulatory agency, which has been aware of these "illegal" economic activities in the local market, has further marginalized the Çelikhan farmers by disqualifying their crops, and thus contracts. The farmers' attempts to be included in the regulated market were hindered by several protocols, such as standards of tobacco experts, requirements of legal procedures and economic constraints.

This chapter, with an analysis of two different episodes from the Turkish tobacco markets, argues that there is no one single market but there are various markets operating in different ways. Such an argument goes beyond literature of "the market" based on the essentialized dichotomies of public/private, formal/informal, and licit/illicit. Markets do not have boundaries. What is said to be lying outside of "the market" is in fact integral to it. More importantly, such a demarcation between "the market" and non-market has a constitutive power. The discourse about the borders of "the market" has become a powerful apparatus to control the assets of the poor and to generate new sources of wealth for several other actors. Therefore, what is undertaken here is not simply the

correction of a misrepresentation in the economics, but a revelation of the ways in which this theory has governed our lives, commodities and relations.

By offering two examples from different tobacco markets in Turkey, I intend to show that several actors (such as government officials, tobacco experts, tobacco companies and multinational cigarette companies) can collude with each other to have access to the recreated wealth. Even though the boundaries between “the market” and non-market are in fact artificial and arbitrary, the value of a crop (waste or valuable) or the status of the retail (illegal or legal) are determined according to these categories. The switch between these categories has enabled the access by certain actors to the new resources. This process has not resulted in the recreation of wealth but the redistribution of existing wealth among new actors.

## Chapter 6

### From Seed to Smoke: Tobacco as a Technology

Standards are ubiquitous. They are all around us governing the lives of humans and non-humans. But there is very little interest in standards as either they are considered to be technical matters that must be best left to experts or a boring issue that does not particular appeal for social scientist. However, recently a number of studies (Barry 2001; Bingen and Busch 2006; Busch 2000; Dunn 2003, 2004; Lampland and Star 2009; Tanaka and Busch 2003) focus on standards and standardization, examining their profound transformative power on commodities, their producers and commodification processes. All these studies aim to analyze the material aspects of taken for granted standards that are embedded in society.

Standards are devices through which goods are turned into calculable and exchangeable commodities. Therefore, they play a key role in the formation of markets (Barry 2001; Dunn 2003). The harmonization of standards on a global scale is supposed to reduce blockages and restrictions to trade. This chapter, however, aims to show that standards are not as neutral as they are represented. They sometimes create barriers for several actors, while facilitating the role of several others. They can be contested,

adjusted and replaced by certain actors, while they are fixed, absolute and irreplaceable for some others. They are always embedded in power relations.

This chapter seeks to reveal how tobacco is being commodified from seed to smoke, and how grading and standardization play a major role in this process. To do this, the transformation of tobacco (seed, leaf, bale, blend and cigarette) will be mapped out step by step. The “standard explanation” of this process will be provided in the boxes followed by my accounts drawing on fieldwork. In this way, the chapter aims to demonstrate the ways in which standardization is defined and redefined in different contexts.

### *The Seed*

The best climate for Oriental tobacco is the hot and dry one. Especially when it is grown in poor and rocky soil, the leaf quality becomes the best. Oriental tobacco is usually grown in small plots since its cultivation is very labor-intensive and machinery use is almost impossible. Unlike other types of tobacco, the use of chemical fertilizers and irrigation is not appropriate for growing high quality Oriental tobacco. Farmers grow their own seeds. The seeds are first sown in a seedbed. They are evenly sown at a “rate of approximately 5 g/m<sup>2</sup>, but a more common measure is one tiny 'Turkish' coffee cup per square meter” (Gilchrist 1999, 157). Then, a layer of manure is spread on top and the bed is watered and covered with nylon sheets. After 6 to 8 weeks, seedlings become ready for transplanting, which is done manually. It is a very time-consuming and labor-intensive process. The soil around each plant is loosened and any weeds are removed.

Farmers growing Oriental tobacco produce their own seeds. They exchange the seeds of high-quality plants with each other without any charge. The seeds travel from one village to another by changing hands, grow as crops, and seed again, and then travel more. The Aegean Agricultural Research Institute in Menemen keeps different varieties of tobacco seeds and 42 of them are patented. Ali Peksüslü, the head of institute, is a fervent critic of

the exchange of tobacco seeds among farmers. He explains his skepticism with the argument that cultivation of various tobacco seeds in different regions engenders “hybrid” seeds leading to the degeneration of crops. Peksüslü states that the goal of their institute is “to standardize and reduce the number of different kinds of tobacco.” Between 2000 and 2004, Peksüslü initiated a project in the Aegean region with seven patented tobacco seeds.<sup>120</sup> The scope of the project was to single out the most productive tobacco with the highest graded yield, and to increase the usage of this selected kind. In the end, Akhisar 97<sup>121</sup> seemed to be the best seed that would meet this requirement. This project, which opposes to the idea of diversity of seeds and intends to standardize tobacco seeds, aims at producing crops that will meet the expectations of the market.

In an agricultural environment in which farmers basically have used their own seeds for centuries and so enriched the variety of seeds, they are now asked to use standardized seeds. Interestingly, seeds grown by farmers are now institutionalized and then, several of them are selected and presented as standardized seeds that must be used. As Hayden (2003) suggests, authorship and ownership are denied to local people. For scientists who collect and standardize the seeds, authorship is seen as a useless idiom because for them as plants belong to a “common legacy” and all the attachments that come through the plants should be abandoned. This is the way in which local knowledge is transformed into a scientific value.

In our conversation, Peksüslü has pointed out the dangers of biopiracy of Oriental

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<sup>120</sup> For details see (Peksüslü 2005).

<sup>121</sup> Akhisar 97 was patented by the Ministry of Agriculture in 1997, with the crossing over Izmir 64 strain and Karabaglar strain, both of which are resilient to blue mold disease.

tobacco seeds being smuggled to China, Uzbekistan and Kyrgyzstan. For a while, there has been a speculation that several multinational companies attempted to produce relatively expensive Oriental tobacco in places where labor was cheaper. Ironically, critics like Peksüslü, on the one hand, believed in the power of nature that would never allow the smuggled seeds to have the same quality as they do when grow in Turkey (“it is not the same air, it is not the same soil”), but on the other hand, they felt the need to add that the state-of-the-art technology of multinationals could make anything possible.

This was the official state discourse on the standardized tobacco seeds. Two hours away from the institution, in an austere office, comprised of a desk, a couple of chairs and a fan as furniture, Küçüközden was executing a project that might dramatically transform the tobacco sector in Turkey. After retiring from his job at TEKEL, Küçüközden was hired by private tobacco leaf companies to solve the “seed problem.” The problem stems from the existence of too many varieties of seeds leading to unstandardized crops. Küçüközden found out that 24 different varieties of seeds were used in the Aegean region. Even in the same field of a farmer, Küçüközden came across different variations of tobacco. The cultivators named their seeds sometimes by their production locations, such as “Akhisar” or sometimes by the name of farmers’ favorite TV shows such as “Dallas.” For Küçüközden, the diversity constitutes a big challenge for the standardization of the crop. Mixing up of all sorts of seeds leads to hybridity:

Diversity is a very good thing for a geneticist. You have many variations. You have many alternatives. But from the perspective of marketing, this diversity is not good at all. It creates confusion for farmers as well as merchants.

In order to avoid the confusion as a result of having too many varieties of seeds, it was necessary to choose the best seed and increase its market share. Küçüközden randomly



selected 3806 kinds of tobacco plants from 160 villages, and then collected their seeds.<sup>122</sup> Every year, after breeding, Küçüközden tested his varieties and selected the strains that would conform to the standards of leaf merchants. Market conditions would determine the variety of tobacco to be cultivated. In the end, the goal of the project is to patent the best six to eight kinds on behalf of the company that was established jointly by major tobacco export companies. For Küçüközden, the patent was necessary for the standardization of the yield. Yet, the inevitable danger of this process was the detachment of seeds from their real owners, i.e. farmers (Kloppenburger 1988; Shiva 2000).

Kloppenburger's renowned work *First the Seed* (1988) discusses how a natural thing, a seed, has been transformed into a commodity throughout the history of capitalism. Kloppenburger explains the bond between the creation of the seed market and the development of the science of seed production. With the changes in the technology of the plant breeding, such as hybridization and biotechnology, "[t]he seed [...] becomes the nexus of control over the determination and shape of the entire crop production process" (1988, 201). The seed has become an end product in itself and the seed production has developed into a means of capital accumulation.

The commodification of seeds has brought up new conditions for farmers who had traditionally provided their own seeds from their harvests. Now farmers have to buy seeds from companies. In this sense, Kloppenburger's discussion of Marx is very appropriate. Marx wrote in *Grundrisse*, "Agriculture no longer finds the natural conditions of its own production within itself, naturally, arisen, spontaneous, and ready to

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<sup>122</sup> More on this project, see (Küçüközden 2005).

hand, but these exist as an industry separate from it” (cited in Kloppenburg 1988, 19)

This new separate agricultural industry has forced farmers to apply new conditions of production, which results in farmers’ dependency on capital. Therefore, if Küçüközden’s project ends up as intended, with the patentization of the seeds under the name of the companies, farmers will be separated from their seeds very soon.

### *The leaf*

About 6 to 8 weeks after transplanting, in early summer, the lower Oriental tobacco leaves begin to ripen and yellow. The top of the plant starts to flower. Then harvesting begins. Six to ten mature leaves (called hands) are picked at a time (called primings). It takes three or four primings for the harvest to be completed by mid-September. The harvested leaves are threaded onto cotton strings and then hung on bamboo poles for curing in the sun. Depending on the temperature, wilting usually takes 24 to 36 hours. After sufficient wilting, the leaves are hung directly under the sun. Usually it takes 7 to 10 days to complete the curing process. Then the leaves are bulked up on top of each other in a cool storage room. In the fall, tobacco leaves are packed into standard bales. The size and the shape of bales change according to regions. Then tobacco experts from the state monopoly and private leaf companies carry out an extensive appraisal of the yield. This operation is called *tespit* in Turkish.

*Tespit* is a very time consuming process. It is conducted by tobacco experts who work for the state-run monopoly or for private leaf companies. The whole process takes months to complete. The goal is to grade the entire cultivated crop and plan a purchase strategy.

After *tespit*, leaf companies are able to estimate the amount and quality of their supply and conclude their agreements with cigarette manufactures accordingly. This yield-estimate, *tespit*, allows merchants to assess an approximate value for each farmer’s crop before the crop is put on the market. *Tespit* is a way to reduce the risks of the contract that is concluded on a prospective crop. When the normative crop in the contract, as an abstract entity, comes into existence after being subject to potential agricultural risks,

such as unfavorable weather conditions, droughts, floods or tobacco diseases, it then becomes calculable through *tespits* before the actual market transaction takes place.

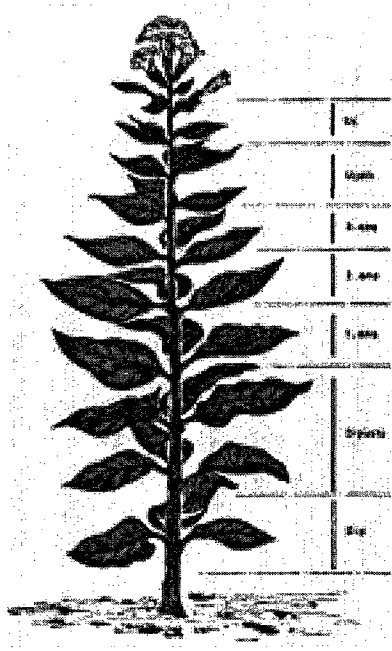


Figure 6: Tobacco Plant

*Tespit* used to play a more significant role in the pre-contract system (before 2002) for growers. The estimation of price before the transaction was in favor of farmers, by giving them an option to sell their crop to the highest paying buyers. This system also supported leaf companies by creating an alternative for them to select customers who would provide the best suitable crop (Ozgener 2004). However, after the introduction of the contract system, farmers and leaf companies are bonded to each other, and neither side is allowed to change the transaction partners after agreements are concluded. Each side is required to fulfill their ends of the contract regardless of crops' ultimate quality. *Tespits*, however, provide flexibility for multinational cigarette manufactures by enabling them to find out the amount and quality of tobacco supplies and concluding their

agreements with leaf companies accordingly.

*Tespits* usually take place in December or January. For several times, I accompanied tobacco experts in their visits to villages. One of the *tespits* that I attended was in Bafra, a town in the Black Sea Region. The headman of the village showed up in the TEKEL building early in the morning to drive the expert to his village. When the TEKEL officer stated the name of the expert on duty, the headman explicitly showed his displeasure and expressed that this expert was inclined to undergrade their yields. His complaint, however, did not change the situation; Kazim Bey was appointed to his village.

The village was about 20 km. away from Bafra and located in a mountainous area. It was snowing when we arrived at the village. Kazim Bey graded approximately ten farmers' tobacco bales in one day. Compared to other experts, Kazim Bey's assessment was extremely low. Farmers believe that experts' grading varies considerably.<sup>123</sup> Even Kazim Bey, as an expert, has accepted the existence of inconsistent assessments among experts. He stated that when he was first appointed to Bafra, he realized that his estimates were far below than those of other experts. He graded lots of tobacco bulks for *ilhak* (extermination), having no market value, and this had never been the case in the region before. Later on, he was warned by the chief expert that he should be more flexible in his grading. Surprisingly, he had been the highest grader in the previous location he was

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<sup>123</sup> It is unanimously accepted that TEKEL experts grade more generously than the private sectors' experts. This partially stems from the different grading systems that the monopoly and leaf companies use. While the monopoly uses a three scale grading system (A, B and Kapa), private companies utilize a more elaborate seven scale grading system.

working. Kazim Bey rationalized this paradoxical situation by appeal to the existence of a highly political environment in Bafra that has directly influenced the decisions of experts.

Figure 7: Tobacco Grading Chart

While farmers were carrying the bales from one place to another, Kazim Bey was instructing me how to appraise the crop. In grading tobacco, experts take into consideration major elements of the yield, such as ripeness, color, body, texture, smell and condition. Under the light of Kazim Bey's explanations as well as the books I had read, I felt confident about my expertise in grading tobacco –until I witnessed the *tespit* in Aegean villages where the process was extremely fast. With big wooden spoons, experts were poking huge tobacco bales, opening a hole and looking inside the bundle, asking their assistant to write the codes. Sometimes the assistant held a laptop hanging on his neck supported with a tray at his waist and sometimes equipped with a clipboard and a pencil. In contrast to Kazim Bey's painstakingly thorough explanations, in Akhisar

Mehmet Bey's grading descriptions were confusing and vague:

We gave 22 for the seventh bale. You see, there is an A grade in it. Its 50 percent is American. But not all the bales are like this. We said 50 for this. Before this one we gave the single type. The texture of the leaf is very significant. [To his assistant] Write 22. And this is 32. These are all B. Because you are looking at it as a total. [To his assistant] 24. 34. Lay down [the bale]. 34. We give 50 percent. Again we give 24. 15 24, 16 24.

I barely understood how he was estimating the quality of crop in seconds. The system whose lexicon I learned to decode did not help me to understand what I had seen. The bales were full of different kinds of leaves, big, small, thin, thick, yellow, brownish, and I could not tell any difference among them. Unlike other tobacco types, Oriental farmers sell their entire crop as a lot. Buyers are required to offer a price for each farmer's entire production, from the top of the stalk to the bottom. The bale is a mystery to me, but not for the experts.



Figure 8: Tobacco Grading in Kiraz

Tobacco experts grade the yield according to standards. Through standards, they make the yield calculable. Though the language of numbers is legible only to experts, the

numbers function to compare and rank crops. They turn the tobacco leaves into commodities.

### *The commodity*

The marketing season generally runs from January through March. Since 2002, a contract system has been in operation whereby the merchant companies negotiate contracts with the farmers prior to cultivation of the crop. According to contract farming, a certain amount of tobacco at a target price level is produced. On specified days, farmers transport their crop to the location where the yield will be inspected and weighed. Tobacco experts, who work for leaf dealers or for the monopoly TEKEL, grade the quality of the yield and then purchase the contracted amount. Then, tobacco bales are trucked to the merchant's warehouse to be stored until the manipulation season. While the bales are being bought, new contracts for the following year are signed with farmers.

The contract completed on an as yet uncultivated crop frames the yield before it is put in the market. Therefore, the entire farming process taking place prior to the market transaction is regulated through contract and the real market exchange in the end becomes a detail in the whole process. Especially after *tespits*, farmers and buyers more or less know about the value of the yield. The only distinction of the market transaction is the precise examination of the quality as well as the exact amount of cultivated tobacco, and accordingly, the determination of the total sum money to be paid to farmers.

Watts explains the features of contracted goods as labor-intensive, relatively resistant to mechanization, highly perishable, destined for some form of processing, and linked to demanding "grade" and "quality" standards which need to be rigorously classified, screened, differentiated and priced in the contract (1994, 45). Contract farming is usually applied to several non-traditional product exports, such as fruits and vegetables grown in Latin American countries. Also, several countries under structural adjustment programs have fostered contract farming under the pressures of international financial

institutions (Clapp 1994, 78; Watts 1994, 36).

For Clapp, the contract naturalizes an unequal relationship between farmers and merchants as just and fair (1994, 92). The reciprocity in the relationship does not take place between autonomous individuals but on the contrary, the contract helps the reproduction of the farmers' subordinate positions to buyers. Also Watts suggests that even though farmers may retain possession of land and nominally of domestic labor, buyers regulate farming practices (1994, 64). However, the intervention of buyers into Oriental tobacco farming does not go to extremes, as it is the case in Virginia tobacco production, in which the farming practices are strictly monitored and regulated.<sup>124</sup> For example, one of the Virginia tobacco farmers in Düzce explained me how he was unable to grow a good quantity of crop a few years ago given that the company's expert forced him to obey his orders, which were obviously wrong. The farmer's field, having a slope, was flooded in spite of all his warnings:

I know my field better than him [...] He does not know my soil. But he is also the one who has to obey the orders. He is told that the soil should be irrigated and he makes us irrigate it [...] They always apply the same methods [to every field] but you have to take into consideration the nature of your own field.

Within this system, the farmers are not allowed to make independent decisions about their own fields. Their local knowledge and experience are ignored and undermined through the "standardization" principles imposed by multinational companies. The underlying assumption is that the standards would yield the same results in different countries. One of the international experts of a multinational company complained how

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<sup>124</sup> In spite of the high demand for Virginia tobacco, it is produced less than 2 percent of the entire cultivated tobacco in Turkey due to unsuitable climate conditions.



the executives of the company were expecting to produce the same good quality Virginia tobacco leaves in every country. However, although the tobacco companies have strictly applied the standards, the quality of tobacco leaves varies in different countries. The expert told me grouchily that he was not able to convince the executives that there is a fact called “climate” that cannot be controlled and standardized.

In Oriental tobacco cultivation, the intervention of experts into the daily routines of farming practices is not intensive, owing to the lack of machinery and pesticide use. However, the standardization of crops is strictly regulated by contracts. While the first page of the contract describes the responsibilities of buyers and sellers, the conditions of transportation and payment as well as the pricing of the different qualities of tobacco, the second page explains how different types of tobacco are graded. Contracts also work as tools to track down the activities of farmers. They are the means to keep records of farmers and their produce. A young expert working at a multinational tobacco leaf company put it forth:

In contract farming we have the files of farmers. We work with the people that we know. We register them. We keep safe the farmers whom we will work with for the next year. Our company invests in them by providing technical knowledge and training. [...] If there is a problem about the yield, we track it down. We go back as much as we can in the production process. We can check it thanks to the farmers' files that we keep. We call it “traceability.”

Traceability is accomplished through keeping files of farmers. This system aims to monitor and control farmers and their farming practices. For example, the contracts of an entire village in the Aegean region were terminated as farmers had left strings in tobacco bales. Tracking down these farmers has become feasible in this new system. Moreover, as traceability has been expanded, the number of requirements asked of farmers has been

raised. After the development of traceability means, the responsibility for the elimination of Non-Tobacco Related Material (NTRM) has been taken very seriously. In a similar vein, multinational companies have become more sensitive to the residue issue on yields. The yields having residue more than standard levels are easily tracked down and the contracts of their producers are immediately terminated.

Standards define products and order them in a hierarchy. Yet, the grading procedure is a test not only of the crop but also of the farmer (Tanaka and Busch 2003). The systems of standardization categorize farmers according to their performances. Tobacco leaf companies hire farmers who obey the rules, and marginalize the ones who do not. As Dunn discusses, standardization does not homogenize persons, as it claims to, instead, it creates inequalities among the individuals (2004, 189). Standards, while pushing some individuals outside the structures of the system, offer new opportunities to some others.

### *The Blend*

Once the tobacco bales are received in the merchants' warehouses they are regraded and reclassified. They are categorized according to specific requirements of particular customer blends. The processing of Oriental tobaccos is referred to as manipulation, a process in which leaves are opened, sorted, separated, cleaned, blended and packed. First tobacco leaves are conditioned, which is softening of leaves via steam tunnels. Then they are brought to conveyor belts at which women laborers on both sides of the belt remove strings, separate the leaf pads and take out undesirable leaves. While the scraps are packed for sale as byproducts, the leaf components are thoroughly blended. The next step is the drying process, which is responsible for developing and intensifying the Oriental aroma and taste. While drying used to be done naturally in the past, today several companies have the technological means to soften dry tobacco leaves mechanically in standardized cardboard boxes, and thus to shorten the processing time.

The process of grading and regrading continues in tobacco processing as well. After the market transaction, tobacco leaves are taken to leaf companies where they are sorted out and standardized. The goal of processing is to produce tobacco blends in accordance to the orders placed by cigarette manufacturers. However, in recent years, the blending processing has considerably been transformed due to cigarette manufacturers' attempts to pull down the cost of cigarettes. The cost has taken the priority over the quality of tobacco. Due to the state-of-the-art technology used in cigarette factories, the quality has become an element that could be manipulated, while cost remains as the major challenge.

Recently two substantial changes have taken place to reduce cost. First, cigarette manufacturers have increasingly started to purchase "class unique" kinds of tobacco, which is basically a mixed quality tobacco. The mixed blend is much cheaper than A (best) and B (medium) grades. This development also reflects on Turkish tobacco exports. While in the year 2000, A grade tobacco exports reached 26,524 million tons with an average price of \$5.72 per kg and B grade tobacco exports were 12,994 million tons, at an average price of \$4.97 per kg, "class unique" tobacco reached 38,680 million tons, with the average price of \$3.01 per kg.<sup>125</sup> One of the tobacco experts working at the tobacco regulatory agency explained the situation as such:

35 to 40 percent of the entire exported tobacco is comprised of "class unique" type. For years, we have been trying too hard to undertake projects to grow high quality tobacco. We traveled to villages for months in order to make farmers cultivate high quality tobacco. But today, nobody cares about quality anymore. The goal is to purchase tobacco at a minimum cost.

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<sup>125</sup> "Turkey Tobacco and Products Annual 2001," *Global Agriculture Information Network (GAIN) Report*, (May 2, 2001).

Along with the emergence of new variations in the composition of tobacco blends, packing and drying of tobacco leaves in cardboard boxes has emerged as another attempt to reduce the cost. Packing of Oriental tobacco is commonly done in two fashions—traditional bales and standard boxes (both C48 and C96). The reason to use standard boxes is more than an ambition to standardize packing. While tobacco leaves are boxed they can be dried through newly introduced soft dryer machines, but the bales have to be taken directly off the line. In other words, cardboard boxes have become prerequisites for soft drying, which used to be done naturally over the summer season.

Drying of Oriental leaves in C48 boxes has been emerging as an industry standard. The manager of a major leaf company explained the novel changes in packing and drying technology in detail:

Manager: In the past, we used to store the bales in our depots for natural fermentation. For three months, we keep the depots' windows wide open to have air currency, etc. It not only required lots of human labor but it was also a waste of time. Now we use soft dryers, which process tobacco leaves through a certain regimen. By adjusting the temperature, the machine dries the moisture in the yield. When tobacco leaves are boxed, they are ready to export. We gain lots of time, and, moreover, the crop is now exported in standardized boxes. Philip Morris started this technology about five, six years ago.

EK: When they first started this new technology, were they drying the tobacco in their factory?

Manager: No, first they experimented with this technology in Socotab. Universal was the name of the company at the moment. After they got successful, other companies followed them. Because Philip Morris is the biggest buyer in the market, they direct the market. They control more than 50 percent of the market. Everybody followed them because this technology also reduced our costs. The costs of storing, packing, and exports have declined. There is no need for human labor anymore [in packing] [...] In the past, we used to employ 100 to 150 people in depots during the export season. Now we carry out the same work with ten, fifteen people.

EK: Does this technology require substantial capital?

Manager: Yes, because we had to construct a new factory. This [soft-drying] machine is too big. It is very tall. We could not put it in our old factory. We had a four-five story building. We had to turn it into a storehouse. We had to either destroy it or turn it into a storehouse [...] We were lucky that we had empty land here on which we constructed a new building with two floors. [...] However, there were other companies which did not have the means that we had, and they all disappeared.

This seemingly simple technological change in the supply side has eliminated several companies that were unable to adjust to the new requirements of the multinationals. The owner of a major tobacco leaf companies stated the economic difficulties to modify a company's infrastructure in accordance to the new technologies:

One of the soft dryer machines costs 1 million 650 thousand Euros. You need to have two of those, which amounts 3 million 300 thousand Euros in sum. But purchasing these machines are not enough. You need to build new depots as well. These are not small investments.

Eventually a number of local companies running with small economic capital have been marginalized and then disappeared from the competitive leaf market. What is interesting about recent developments is that this new technology of standardized packing and soft drying of Oriental tobacco first emerged in Turkey. Virginia and Burley tobacco have been mechanically processed for a long time. However, many trials carried out over the years to mechanically dry the Oriental type had failed. The immediate decrease in the moisture level has proven to adversely affect the desirable aromatic qualities of the classical Oriental varieties. But then, the drying machines used for Virginia and Burley in the U.S. and Italy have successfully been adjusted for the Oriental kind. Technological innovation was limitless: one of the Turkish leaf companies imported a machine from England that was used to dry fruits and vegetables and modified the machine for Oriental tobacco.

The restructuring of the Turkish tobacco sector in accordance with the technological innovations has led the extension of packing and drying standardizations to other Oriental tobacco growing countries. Leaf companies in Greece and Bulgaria now have to employ this new technology in order to compete with Turkish companies. The standardization of tobacco packing and drying has become global and it has started to create standardized companies all around the world.

### *The cigarette*

In cigarette factories, increasing the moisture content of different types of tobacco is the first step of primary processing. Individual grades within each type (Virginia, Burley and Oriental) are blended together for uniformity. The blend expert determines the desired chemical and smoking characteristics. Then certain additives (generally classified as casings and flavorings) are added to the blend. While casings function to tone down the strength and harshness of smoke and improve quality for the processibility of tobacco, flavorings function to enhance tobacco taste with thousands of tobacco flavor compounds. The next step is secondary processing by which the tobacco is wrapped within a paper and filtered.

I visited three cigarette factories of the state monopoly over the course of my fieldwork. Though they were all different from each other in terms of their spatial arrangements and organizational scheme, the major distinction in cigarette manufacturing would be striking when I first visited a multinational cigarette manufacturer's factory. In contrast to state factories' messy and dusty environment, run down and old buildings, and idling personnel, I encountered a high-tech factory with professional personnel working in strictly organized timetables. When I arrived at one of the multinational cigarette factories, I introduced myself as a relative of my informant, who had to escort me from the security gate to his office. We had to pass the doors using his magnetic card. He started to talk to me after he closed the door behind us and warned me once more how it

was crucial for him not to reveal my identity as a “researcher.” After our brief talk, he introduced me as his cousin to the employees working in the primary and secondary processing departments. The primary department dealing with the blending, casing and flavoring was extremely neat and clean. The other striking thing about the department was the strong smell of chocolate aroma. In the secondary processing, where the cigarettes were filtered, the technology was based on speed. 16 to 18 thousand cigarettes were produced in one minute. The head of this department, educated as a mechanical engineer, stated that the factory was equipped with state-of-the-art technology. When I reached the end of the conveyer belts, I saw shredded tobacco left from the damaged cigarettes. I was told that the shredded tobacco would be reused again. The engineer asserted that they were using tobacco in a most efficient way possible, in contrast to the state monopoly, which has been burning tobacco. “No, tobacco is ever wasted here,” said the engineer to me.

It is true that multinationals utilize every kind of tobacco. One of the basic inventions of the tobacco industry is the creation of reconstituted tobacco. It is a tobacco paper (sometimes in the form of slurry) made from by-products and waste from such as tobacco stems, small tobacco particles and tobacco dust. Prior to the 1940s tobacco leaf scraps, stems and tobacco were discarded as waste products. Thereafter, companies began to use the previously unusable materials to manufacture reconstituted tobacco to decrease the cost of cigarettes. The reconstituted tobacco is sprayed and impregnated with nicotine and other substances lost during the process, along with as many as 600 chemical additives. These include ammonia, which aids the delivery of nicotine, and chocolate, which masks the bitter taste of tobacco. Finally, the reconstituted tobacco is sliced to

resemble shredded tobacco leaf. The advantages of reconstituted tobacco lie in the enhancement of combustibility due to a high degree of aeration. Moreover, the decline in nicotine is an important plus for cigarette manufacturers trying to adjust the nicotine level according to new nicotine regulations.

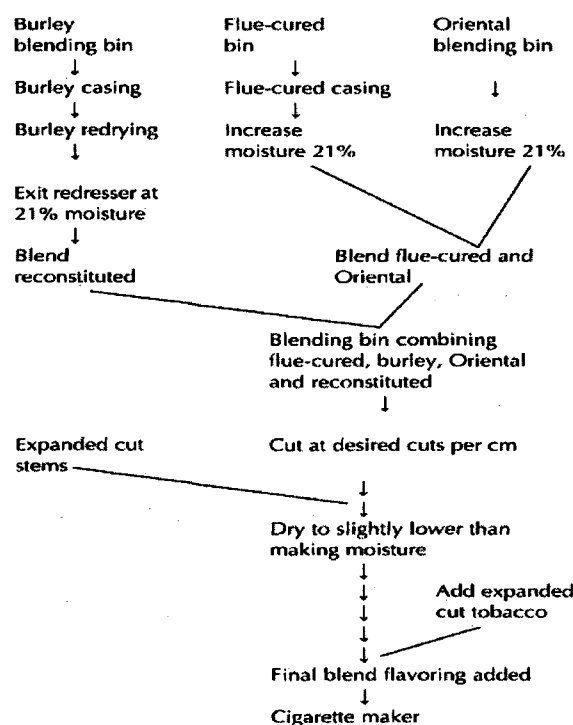


Figure 9: Primary Processing (Layten and Nielsen 1999)

Reconstituted tobacco has become a highly used, inexpensive component of cigarettes. In 1998, it was estimated that the industry manufactured as much as 240 million tons a year of paper-made reconstituted tobacco.<sup>126</sup> In addition to reconstituted tobacco, cigarette companies widely use “expanded tobacco,” which allows them to produce more cigarettes per pound of tobacco with lower levels of tar particles in the smoke. It is basically the shredded tobacco that is subject to a cell expansion process. The

<sup>126</sup> Chris Glass, “Paper Tobacco,” *Tobacco Reporter*, August 1998.



expanded tobacco is manufactured from the least expensive part of leaves, that is priming and lugs, which offer the least flavor contribution. The lugs are lowest in nicotine level but have the highest filling value. By making the texture of tobacco more “fluffy,” the amount of tobacco (and thus nicotine) used in a cigarette is substantially reduced.

Reconstituted and expanded tobacco today amount to between 25 and 30 percent of the cigarette tobacco blend (Boyle et al. 2004, 81). They have a significantly greater filling power than natural tobacco.<sup>127</sup> Thus, we can say that only a part of the tobacco inside the cigarette comes from the tobacco leaf. Less and less usage of tobacco in cigarettes has a direct impact on the purchases of Oriental tobacco, which is the most expensive variety. As discussed before, cigarette manufacturers have increasingly bought the less expensive “class unique” type of Oriental tobacco. Besides, the amount of Oriental in a standard American blend cigarette has declined as well, with the high usage of reconstituted and expanded tobaccos. The manager of a major leaf company explained it as such:

The technology has advanced a lot. According to our estimations, Oriental tobacco that was used around 10 to 15 percent in cigarette manufacturing has dropped to under 10 percent. On the one hand, the usage of tobacco in a cigarette has plummeted. On the other hand, [companies] have substituted expensive Oriental tobacco with other tobacco fillers.

The increase in the usage of different varieties of tobacco (class unique, reconstituted and expanded tobacco) has reduced the significance of cultivating a better quality yield.

However, these changes in cigarette manufacturing have barely reflected on tobacco

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<sup>127</sup> Boyle et al. suggest that an 85 mm filter cigarette that is filled entirely with expanded tobacco requires 363 mg. Tobacco while a regular filter-tipped cigarette requires 667 mg. tobacco (2004, 81).

grading at the local level. The strict grading rules of tobacco experts are firmly enforced in order to reduce the cost of yield bought from farmers. The changes in standards, which emerged with the creation of new varieties of tobacco products due to technological improvements, are strictly limited with cigarette manufacturing. The modifications in the manufacturing section have almost no impact on Oriental farming and pricing. Even though the standards for the blends most in demand have shifted, the old standards set for farmers have not changed at all. Standards are only preserved to be contested, replaced and changed by certain actors. This would also be the case when cigarette manufacturers in Turkey adjusted their blends according to fluctuating taxes.

In the multinational cigarette factory, I was told that the Burley and Virginia leaves were imported from the tobacco depots in Belgium and standard prescriptions for blends were implemented under the supervision of the “global consultant.” Keeping the standard blends of premium brands is crucial.<sup>128</sup> But when it comes to sub-premium and local cigarettes, standardization is a fabrication. As described in detail in Chapter Three, government’s frequent policy changes in the taxation of cigarettes have resulted in the emergence of new strategies developed by cigarette manufacturers. The policy change in 2004 has a particular significance in demonstrating how the multinationals could stretch and adjust their standards according to the emerging taxation system. The Ministry of

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<sup>128</sup> However, according to 1992 report, “PM’s Global Strategy: Marlboro Product Technology,” conducted by researchers at BAT, Philip Morris adjusts its cigarette blends. According to the report, “when Marlboro has been introduced into a market there is evidence that initial offerings may be closer to that market’s traditional taste,” which documents different Marlboro formulations in countries including Brazil, Britain and Germany.

Finance passed a regulation that would decrease the taxes on cigarettes constituted of mostly Oriental tobacco. As the proportion of the Oriental tobacco increased in the blends, the tax would be reduced. The new policy hit the medium price range American blends, which would end up with a 30 to 80 percent price increase, whereas it brought serious advantages to the cigarettes consisting of high proportions of Oriental tobacco. Despite their criticisms about the irregularity and arbitrariness of policies, cigarette manufacturers were able to overcome, and moreover, take advantage of this new policy.

When I asked the market manager of a cigarette multinational, he explained to me how they changed the blends to take advantage of the irregular tax policies:

The Ministry of Finance was curious about how to increase the taxes. When the taxes were raised to 33 percent and to 66 percent, everybody in the sector changed the proportion of their blends in order to sell their own cigarettes. [The Ministry of Finance] thought that we could not change our blends [in our cigarettes]. But every cigarette manufacturer without exception has adjusted them, including us. In this way, we have made huge profits.

By crafting new blends out of the old brands, the manufacturers managed to reap benefits from the new taxation policy. They not only raised their margin of profits in medium price range cigarettes but also started to compete with the monopoly's inexpensive Oriental blends, which still had a huge market in Turkey. After the maneuver of cigarette manufacturers, the Ministry of Finance would undertake another tax alteration, which would be responded to with a change in cigarette blends of multinationals. Strikingly, every change in tax policies would be countered with an adjustment in the cigarette recipes known as standardized. What was shocking for the Ministry of Finance was to see the flexibility of multinationals and their ability to develop immediate strategies by turning unfavorable conditions into their advantages. The Ministry of Finance seemed to

believe in the idea of standardization of cigarette blends, or at least the unchangeable character of blend recipes. However, as this example shows, standards can always be recreated, replaced and readjusted by certain actors.

Standards are transferred from one community to another, having profound transformative effects, in different economic and social contexts. They are not bound by space and their efficiency derives from their applicability by different people in different locations. The logic of having standards at a global scale has reduced technical barriers and produced conditions for the good functioning of the market. However, as in the case in the Turkish tobacco sector shows, standards are often manipulated. While certain standards are favored and kept, some others are replaced and adjusted. Standards in fact neither produce an equal environment for all actors and nor lead to consistent regulatory frameworks.

## Chapter 7

### Speaking of Tobacco, Standardization of People

Fieldwork sometimes tells more about the past than the present. While the past unfolds itself, it reveals the present. Certain moments in fieldwork constantly refer to the events in the past in the form of persistent themes, metaphors, events or simply the names of institutions. They become shortcut ways to summarize the entire story without resorting to an abundance of words. “It is because of the IMF,” “it is like the *Regie*,” or “it is just a technicality.” The same themes pop up over and over again with their undeniable significance. For me, these sentences are valuable not because they are the “facts” but because they represent simply how my counterparts imagine the “tobacco world.” This world is established in consistent reference to the past. Rather than looking for a coherent, unilinear explanation in the history of events, a deconstruction of these particular moments is required to disclose the present. What I try to do in the rest of the chapter is to dive into history to map out how and why an agricultural crop has become the flag of Turkish nationalism.

This chapter<sup>129</sup> is an attempt to retell the history of nationalism in Turkey in an unusual way. It aims to discuss Turkish nationalism through the perspective of tobacco. In other words, the debates that took place around Oriental tobacco from the late nineteenth century up until 1960 will be used to reflect the emergence and rise of nationalism in Turkey. Making Oriental tobacco the central character unraveling Turkish nationalism in the late Ottoman Empire and then early Republic might be seen as an eccentric and pointless attempt given the rich literature on Turkish nationalism. However, by situating a non-human actor at the center of the argument, my goal is to discuss the controversies surrounding Oriental tobacco in order to explore broader themes. The relationship of the Turkish state with Germans, Americans, the Soviets, as well as the minorities living in Turkey will be analyzed through the world of Oriental tobacco.

One of the recurring themes of the fieldwork in its most controversial moments was the *Regie*. “It is the return of *Regie*” has been the motto of tobacco experts while describing a series of unfavorable situations in the Turkish tobacco sector stretching from the privatization of the monopoly, to the Virginia production of multinational tobacco companies. I had already known what the *Regie* was even before the start of the fieldwork from the stories and folk songs inscribed within the collective memory. But I would only be able to comprehend the reasons of constant references made to the company today, after learning the full history of the *Regie*.

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<sup>129</sup> This chapter grows out of my archival research in Istanbul Beyazıt Library as well as the library at the Tobacco Experts Association in Izmir. The tobacco journals I researched are *Türk Tütünü* (1938-1952), *Tütün Dünyası* (1959-1963), *Tütün Mecmuası* (1938), *Türk Tütünleri Mecmuası* (1928), *Inhisarlar* (1937-1938).

### *The Regie*

The Muharrem Decree of 1881 constitutes a turning point in Ottoman history. It led to the formation of the Public Debt Administration, an institution of European bondholders with the right to develop and collect taxes from some of the leading revenues sources of the Empire and direct them towards debt payments. These sources included taxes from tobacco, salt, stamps, silk, spirits and fisheries. The French bondholders persuaded the Public Debt Administration to establish a separate institution to regulate and tax tobacco. Following the Debt Administration, the government, and the three bank groups<sup>130</sup> agreeing upon the terms of the agreement, the *Regie* began actual operation of a thirty-year concession in April 1884 (Quataert 1983, 14). The *Regie*<sup>131</sup> was established as a foreign-controlled tobacco monopoly agency to raise revenue from tobacco in order to settle Ottoman foreign debt.

The *Regie* became the sole company responsible for controlling and regulating tobacco production in the Ottoman Empire. It bought all the cultivated tobacco with the exception of that to be exported. The cultivators who intended to grow tobacco were required to apply to the *Regie* for permission. However, its limitation of tobacco fields, the difficulty of getting advance credit and its disappointingly low prices<sup>132</sup> created numerous problems with tobacco cultivators (Akpınar 2002; Koc 1990; Oktar 2003; Quataert 1983). By and large, cultivators were resentful of being controlled by a foreign

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<sup>130</sup> Members of the consortium were Le Credit Anstalt, M.S. Bleichroeder and the Ottoman Bank.

<sup>131</sup> Its official name is the Régie Cointeressée de Tabacs de l'Empire Ottoman.

<sup>132</sup> The average price paid by the *Regie* to the growers was 20 to 50 percent below the average export prices (Pamuk cited in Koc 1990, 35).

company.<sup>133</sup> Many growers ended up selling their crop to smugglers whereby they could grow and sell unrestricted quantities immediately. In 1890, an Ottoman civil servant reported that official tobacco sales were nearly 6 million kilograms compared to the 12 to 13 million kilograms of illegally sold tobacco (Quataert 1983, 21). Both smuggling and local support for smugglers were recognized as forms of resistance to the *Regie*.<sup>134</sup>

Tobacco cultivators were not alone in their negative feelings towards the *Regie*. The Ottoman administration was in constant conflict with the company. The Ottoman state, seeing the *Regie* as a foreign power that was using up the country's revenues, was reluctant to take action against smugglers. Towards the end of the nineteenth century, the profits of the *Regie* radically dropped due to wars, economic crises, and most importantly, the low level of sales because of the organized smuggling. The company recruited more and more surveillance troops to combat the smuggling (who were called *kolcu*), which inevitably raised its expenses.<sup>135</sup> However, the wide-range recognition of smuggling among farmers, coupled with the government's passive attitude to dealing with it, rendered the attempts of the *Regie* futile. It was reported by the government that in 14 years not less than 20,000 people were killed annually in clashes between the company and smugglers (Karaca 2003, 52-53; Ozturk 2003, 108; Quataert 1983, 34). As a

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<sup>133</sup> The *Regie* was a source of employment and income for a lot of people. In 1899, it employed 8814 employees from administrative and surveillance personnel (Quataert 1983, 16). When it was a new resource for several people, it also destroyed the jobs of many. 300 tobacco factories were forced to close their doors permanently after the *Regie* (ibid, 17).

<sup>134</sup> See for the detailed analyses of protests against the *Regie*, (Akpınar 2002; Karaca 2003; Quataert 1983).

<sup>135</sup> The *Regie* employed 3600 *kolcus* in 1887; 4600 in 1890; 5900 in 1895; 6700 in 1897; and 6500 in 1899. Surveillance personnel used an average of 50 to 60 percent of the total salaries paid by the *Regie* (Quataert 1983, 21).



result, in late 1895 the government decided to disarm the surveillance forces of the *Regie*, and delegated to the army the duty of controlling the smuggling.

In the last years of the nineteenth century, the revenues of the company began to rise due to an increase in tobacco prices in the international market. Yet, with the establishment of the new Turkish Republic, the *Regie*, which symbolized Western dominance over the country's economy, was abolished,<sup>136</sup> and the company was nationalized in 1925. With over a 35 percent share of Turkey's total export revenues (Koc 1991, 157),<sup>137</sup> the new Republic preferred to take control of the tobacco business to fix the economy of the war-torn country, and the *Regie* was transformed into the Turkish State Monopolies (TEKEL) in 1932. It is pertinent to note here that the nationalization of the *Regie* was not a smooth process. The establishment of the monopoly was strongly opposed by the people in the tobacco sector favoring the free market (Okten 2003). Yet, their efforts turned out to be futile when the government decided to fully control tobacco production and sales in the country.

After the establishment of the new Republic (1923), the economic route that should be followed became a big question. The Republic inherited a seriously damaged economy from the Ottoman Empire that had almost no modern industrial basis. During the first years of the Republic, the government followed an open economy policy that would support domestic private enterprise (Boratav 1981, 168). The main lines of

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<sup>136</sup> Indeed, during the Turkish Independence War, Mustafa Kemal expropriated the *Regie*'s earnings at its local branches in Anatolia to finance the resistance movement (Ozturk 2003, 110).

<sup>137</sup> For tobacco being an export crop, also see (Keyder 1981). In the mid-1920s, tobacco exports accounted for between 25 and 35 percent of all export earnings (ibid., 41).

industrial policy were drawn by the 1923 Turkish Economic Convention in Izmir, in which protection of domestic industry through custom barriers and tax exemptions for investment goods were imposed.

As an extension of the decisions made in Izmir, the National Assembly passed the Law for Encouragement of Industry in 1927, which provided incentives such as free land endowments, tax immunities and capital assistance. Textiles, sugar, tobacco, oil, explosives and alcohol were among the sectors where private entrepreneurs benefited from government support. However, the Great Depression, combined with the payment of the first installment of the Ottoman Debt, caused an economic downturn in Turkey as well. The government explained the crisis through the speculative inventory building up as a result of excessive imports induced by prior knowledge of the new import duties by profiteers. As a result, a policy favoring stronger government control in the economy took hold (Boratav 1981, 170). The government from now on followed a protectionist trade policy, which was called *etatism*.

The bourgeoisie in the Ottoman Empire to a large extent was identified with non-Muslim populations (Keyder 1987, 78). The Muslim merchants played very minor roles in the external trade with Europe (Kuran 2004, 480). In Istanbul, at the end of the First World War, Turks constituted just 4 percent of the merchants specializing in exports and imports, 15 percent of the wholesalers serving the domestic market and 25 percent of the retailers. On the other hand, in Izmir, where basic exportable agricultural goods like tobacco, sultanas, cotton, dried figs and hazelnuts were produced, ethnic Greeks dominated commercial life at all levels from the late eighteenth century to the early

twentieth. They accounted for between 40 and 60 percent of the city's merchants and dominated largely international trade in cooperation with Greek communities in Western Europe (*ibid.*).

Along with the Armenian deaths and deportations during the First World War, the population exchange between the Turkish and Greek communities in 1923 played the most significant role in the establishment of the new Turkish identity (Keyder 2003, 39). Under the provisions of the Treaty of Lausanne, the populations of the Muslims of Greece and Turkish nationals of Greek Orthodox religion (excluding the community in western Thrace, those in Istanbul and two islands) were exchanged. 400,000 Muslims, many of whom mainly spoke Greek, and 900,000 Orthodox Christians were exchanged (Zürcher 1993, 171). The Anatolia of 1923 was a radically different place than that of 1913. With the death and exchange of the two biggest Christian communities, Armenians and Greeks, Anatolia, which had been 80 percent Muslim before the wars, increased to approximately 98 percent Muslim (*ibid.*, 172). This tremendous change in the structure of the community would clearly reflect on the economy soon after.

After the population exchange between Greece and Turkey in 1923, the economic structure especially of Izmir dramatically changed. The vacuum left by the Greeks was filled by Turkish merchants. The new Turkish entrepreneurs, who had close relations with the government, occupied the most profitable agricultural holdings, as well as the abandoned industrial establishments and workshops (Aktar 2003, 90). According to the report written on May 1925, by Alaiyelizade Mahmut Bey, the president of the Izmir Chamber of Commerce, many Turkish businessmen settled in Izmir after Greeks'

leaving. Some of the Turks opened stores while others specialized in the export of agricultural products (*ibid.*, 91).<sup>138</sup>

The tobacco business, like other sectors, was largely operated by non-Muslim communities.<sup>139</sup> With the population exchange, the commercial class of Izmir was sent to Greece. The Greeks who had left Turkey were “skilled professionals, from shippers to bankers, from hazelnut, tobacco and raisin traders to railway engineers and hotel and restaurant owners” (Zürcher 2003, 5) whose immigration would revitalize the Greek economy.<sup>140</sup> On the other hand, 90 percent of Muslim immigrants from Greece were farmers, mostly tobacco cultivators (Keyder 1987, 92). Thus, with the population exchange, the Muslim tobacco cultivators in Greece and Greek tobacco merchants in Turkey would be swapped and transform the fate of tobacco inadvertently.

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<sup>138</sup> However, the Turkish merchants were found “incompetent” compared to the Greek and Armenian middlemen who were able to meet the demands and expectations of the foreign companies. See for details, (Aktar 2003).

<sup>139</sup> Apart from the fact that non-Muslims dominated the commerce in general, there is no exact figure about their presence in the tobacco sector. But we know from the work of Quataert (1995) that in the early twentieth century, the tobacco business was basically ran by the non-Muslim workers in the Ottoman provinces of Europe (especially Salonica). The tobacco production accounted for one-half to two-thirds of the substantial tobacco exports from the Empire as a whole. 90 percent of the employees were Jewish in one of the most important cigarette factories here. Also Shechter (2006) shows that after the establishment of the *Regie*, when the tobacco factories closed down in the Ottoman Empire, numerous tobacco wholesalers, retailers and producers, many of Greek origin, emigrated to Egypt and took the control of the tobacco market there.

<sup>140</sup> This point was also discussed in the parliament in a regretful tone. The Ministry of Exchange Celal [Bayar] Bey admitted that: “[T]hose departing are mostly tradesmen and merchants. However, those arriving are generally farmers. Gentlemen, the overwhelming majority of those arriving peasants; the overwhelming majority of those departing are urban dwellers!” (cited in Aktar 2003, 89). For example, Aristotle Onassis, one of the richest businessmen of the 20<sup>th</sup> century, was born in Izmir. His father was running a tobacco export business in Turkey and they had to leave the country through population exchange (Zürcher 2003, 5).

Through the encouragement of government policies, Muslims continued to occupy the lucrative positions abandoned by the non-Muslim bourgeoisie. The Turkish government implemented policies to replace the non-Muslim bourgeoisie with a Turkish Muslim one.<sup>141</sup> The first official step of the Turkification of the economy started with the layoffs of non-Muslim employees working in foreign companies (Bali 2006, 47). The goal was to create jobs for the Muslim Turks returning from the Turkish Independence War. With the imposition of a quota on the number employees of foreign nationality allowed to work at foreign companies, many employees were replaced with Muslim Turks. The distinction between non-Muslims of Turkish nationality and those of foreign nationality was not observed (*ibid.*).

Moreover, the Turkish government enacted the Law of Officials in 1926. According to this, all state officials had to be Turkish. In practice, this condition was interpreted to mean that civil servants had to be “Muslim.” “Compulsory Use of Turkish Language in Economic Enterprises” decreed in the same year obliged all companies to conduct all of their documentation and correspondence in Turkish (Bali 2005, 43). Most of the economic enterprises owned by either foreigners or non-Muslims kept their books in their native languages. They had to change their records and prepare their financial statements in Turkish. This would constitute a real barrier for non-Muslim officials who

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<sup>141</sup> Bali discusses several other policies that were initiated to Turkify the economy. For example, the “National Turkish Commercial Union” established in 1922 aimed at replacing non-Muslim merchants and foreign representatives with Muslims. Moreover, in spite of their dominance in economy, not a single non-Muslim was invited to the First Economic Congress held in Izmir in 1923, which was the most significant meeting to decide the future economic plans of the country (Bali 2005, 41).

had until then communicated both in writing and verbally in their native languages.<sup>142</sup>

The Turkification in the cadres of bureaucracy would show itself in the tobacco sector as well. Koyutürk wrote in a tobacco journal in 1941 that the Turks, during the time of the *Regie*, were only able to get the low-ranking jobs, such as office boy or surveillance personnel, whereas 95 percent of the administrative positions were kept by minorities.<sup>143</sup> Koyutürk argues that the Turks had very little chance to find decent jobs in the *Regie*. The nationalization of the company, however, would open the way for “the Turkish youth who would like to fulfill their perpetual ideals of being tobacco experts” (ibid.).

Tobacco expertise dates back to the times of the Ottoman Empire where self-trained people appraised the yield. In general, tobacco experts are persons who evaluate and determines the quality of the crop through its process from production to consumption. They also use their expertise to solve possible conflicts between farmers and merchants. The first schooled experts were 25 graduates of six-month training classes opened by the monopoly in 1928 (Yilmaz 1995, 17). In the subsequent years, the duration of the education was extended to two years, comprised of theoretical and practical training. After completing their education, the candidates were sent to the periphery for

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<sup>142</sup> In a similar vein, the “Citizen Speak Turkish” campaign would start in 1928, and gain momentum in the early 1930s. The campaign emerged in Izmir targeting the Jews (Cagaptay 2004). At the moment, Jews were Izmir’s most significant non-Muslim community, constituting 10 percent of the city’s population, with a good share in its economy.

<sup>143</sup> “Inhisarlarda Eksperlign Tarihçesi,” *Tütün Tütünü*, vol.86 (1941), 9. For the exactly same account, see (Gurpinar 2003). Also Fahri Ipekoglu suggests that the majority of experts at the *Regie* were Greeks and Armenians. See “Tütün Eksperlerinin Mesleki Gorevleri ve Yetistirilme Tarzlari Hakkında Rapor,” *Tütün Dünyası*, vol.2 (1959), 5.

practical training for two more years. The ones who were able to finish their training were required to take a final test and then recognized as tobacco experts if they passed.<sup>144</sup>



Figure 10: Tobacco Experts (*Türk Tütünü*)

In 1936 the Tobacco Experts Regulation was issued. According to the Article 2 of the regulation, “to be a Turk” became a precondition of being a tobacco expert. This condition would discriminate against the non-Muslims who had been doing this job for years.<sup>145</sup> The exclusion of the non-Muslims from their previous jobs would open the way

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<sup>144</sup> The arduous training of tobacco experts would continue in the following years. Gradually the education period of the school would rise to two, three and then four years. In 1983, the school was joined to a university and in 1987 the graduates started to get the title of “Tobacco Industrial Engineer” but that title was later on replaced with “Tobacco Technology Engineer.” In four different branches, the students are trained: Tobacco Industry Management; Tobacco Policy; Tobacco Technology and Chemistry; Tobacco Cultivation and Breeding.

<sup>145</sup> Between 1936 and 1954, 664 people obtained the tobacco experts qualifying certificate (Yilmaz 1995, 20). Although the list of the people does not provide the ethnicity of experts, their names might be a clue. Out of 664 people, I counted the names

for the Turks, who now had opportunities to work at private tobacco companies as well as the Turkish tobacco monopoly.

Tobacco experts would take their places within the developmentalist project of the new Republic. Given that tobacco exports constituted 17 to 40 percent of the entire value of the exports (Ceylan 1995, 80), tobacco would gain a different meaning among other agricultural crops. Tobacco symbolized the country's means of accumulating wealth.<sup>146</sup> In 1960, in a tobacco journal it was stated that:

[Tobacco] is the equivalent of gold, the resource of foreign earnings. Through tobacco, we become mechanized, establish factories, and employ people. Serving the simple tobacco leaf means serving the country and nation. The tobacco experts must be honored and proud of themselves for fulfilling such a duty.<sup>147</sup>

Several tobacco experts would be sent to foreign countries for training in subsequent years. Their education was taken very seriously. The educated experts would consistently be compared with the ones who had learned the job by self-training. The local knowledge of the self-educated tobacco experts would be undermined and their exclusion from the sector would be on the agenda till the end of the 1990s.

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of 42 people who might be minorities. In subsequent years, the number of minorities seems to decrease even more.

<sup>146</sup> It is pertinent to underscore the significance of tobacco revenues for the Turkish economy in the early Republic. Several steps were taken to support the sector. In 1924, a bank called Tütünbank was established to deal with economic transactions concerning tobacco (Safak 1994). In 1927, the first Tobacco Congress was held in Akhisar. The government first began to support tobacco cultivators in 1927. But tobacco subsidies would be provided on a continuous basis after 1947 (Ornek 2004, 16). In 1956, the National Tobacco Committee was founded to undertake the planning of national tobacco policies.

<sup>147</sup> "Eksper Namzetlerine," *Tütün Dünyası*, vol.16 (1960), 1.



*The Germans*

In the beginning of the 20<sup>th</sup> century Germany was the most influential country in determining the fate of Oriental tobacco. As the biggest tobacco importer from Turkey, Germany had more impact on Oriental tobacco than any other country. Although the U.S. imported Oriental leaf as much as Germany, its isolated way of concluding transactions (the U.S. tobacco companies had already been vertically integrated and used to buy tobacco via their own companies by leaving out local merchants) led the tobacco farmers, traders and experts to compete with each other to do business with the Germans. Every actor in the Turkish tobacco sector aspired to make deals with the Germans, who ran their business in collaboration with local companies.

The economic and political transformation of Germany in the 1930s would change the life of Oriental leaf in Turkey. And this change, in return, would lead to ongoing controversies and generate a profound nationalist discourse. The economics of Oriental tobacco and anti-Semitism would become inexorably connected to each other, combining entrepreneurial endeavors with racist ideology in the Turkish tobacco sector.

In the mid-1930s, Germany was still the biggest tobacco customer of the newly established Republic. Having been an ally of Germany in the First World War, and keeping good diplomatic relations since then, the Turkish government attempted to continue its international trade with Germany. However, the international tobacco trade between the two countries would encounter three basic problems: the troublesome clearing agreement with Germany; the anti-smoking campaign under the rule of the Nazis; and the waging of the Second World War.

The impact of the Germans on the Turkish economy was significant in the early years of the Republic. Not only did the new Turkish Republic receive its first loan from Germany but also consulted German economists, who recommended a centralized power to administer the Turkish economic policy (Barlas 1998, 148). The world economic crisis had an enormous impact on Germany, engendering a decrease in industrial production with a dramatic rise in unemployment. This led the German government to pursue a highly regulated protective economic policy and to change its international trade agreements from a multilateral to a bilateral basis. The government established a special international bartering system called a “clearing agreement.” Simply put, it was a system in which commodities, not currency, were exchanged through a bilateral agreement. By avoiding the use of foreign exchange (which was scarce at that time), the clearing agreement made the German government trade goods with foreign countries.<sup>148</sup>

When the prices of agricultural goods declined because of the world crisis, the value of Turkish exports (mostly constituted of agricultural commodities) dramatically dropped.<sup>149</sup> Reluctant to export agricultural products below its costs, Turkey decided to make a clearing agreement with Germany. According to the agreement, Turkey supplied Germany food and raw materials, which consisted of cereals, tobacco, fruit, nuts, wool, cotton, hides, leather and chrome, and, in return, Germany supplied manufactured goods such as iron and steel for construction, vehicles and engines of all kinds, tires and other

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<sup>148</sup> Germany deposited money into its Central Bank account of the exporter country, which could get this money out only if German goods were purchased (Barlas 1998, 150).

<sup>149</sup> Turkish exports amounted to 147 million TL in 1929 fell to 100 million TL in 1931 (Barlas 1998, 151).

rubber products (ibid., 152). Both countries, in compliance with their protectionist policies as a response to the world economic crisis, continued the international bartering partnership for a while.

Nevertheless, Turkey as a newly established and economically underdeveloped country became more dependent on Germany, which held the upper hand with its industrial exports (Barlas 1998, 153; Kocak 1991, 242-243; Oran 2001, 304-305). Having gained a monopolistic position in its trade with Turkey (as well as with other Balkan countries), Germany began to manipulate the clearing agreement by imposing prices on its trade partners. Economic dependency on Germany became a serious concern for Turkish policymakers. The final straw occurred when the German government froze the balances owed to Turkey.<sup>150</sup> In spite of its massive imports, the German government was reluctant to reciprocate what it owed to Turkey.

When Germany was unable to export commodities, the Turkish government suspended economic transactions. During these years, Germany's manipulation of the clearing agreement would fluctuate the amount of exports to Germany and definitely hurt the Turkish tobacco sector. Several issues in tobacco journals would reflect the concerns with the clearing agreement and discuss the ways to manage rising tobacco production in the absence of a stable tobacco importer.<sup>151</sup>

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<sup>150</sup> While Turkish exports to Germany constituted 50 percent of the overall exports, Turkish imports from Germany constituted 45 percent (Oran 2001, 305). Because of the frozen balances, the Turkish press at the end of 1936 would encourage the public to buy German motor vehicles to liquidate the frozen credits (Barlas 1998, 153).

<sup>151</sup> *Türk Tütünü*, vol. 2 (1938), 3; *Türk Tütünü*, vol. 6 (1938), 3-4; *Türk Tütünü*, vol. 33 (1939), 1; *Türk Tütünü*, vol. 44 (1940), 3.

The second problem in regard to the tobacco trade with Germany was the introduction of new restrictive policies on smokers under the rule of the Nazis. Hitler, who used to be a heavy smoker, would become an ardent opponent of smoking in his later age.<sup>152</sup> Constantly preaching the dangers of tobacco, Hitler argued that smoking was a waste of money. At that moment, a reduction in the amount of imports was the ultimate goal of the German economy, which was seriously influenced by the world economic crisis. As a measurement, the weight and the size of cigars in the country were reduced.<sup>153</sup> In 1942, Hitler regretted allowing his soldiers to smoke and vowed to put an end to military tobacco rations when peace was achieved (Proctor 1999, 219). The economic aspects of the anti-smoking campaign were also fortified with a racist discourse. Smoking was loathed as a habit that was equated with “racial and sexual degeneracy” (ibid., 220). Smoking was associated with Jews, Africans, communists, homosexuals and loose women. In order to protect their racial purity and reject bodily impurity, the Germans had to give up smoking.

Nevertheless, Hitler’s personal hatred of smoking was only one reason behind the anti-tobacco campaign. Health concerns related to smoking also played a major role. Contrary to the popular belief that American and British scientists first discovered the link between lung cancer and tobacco, this fact was first proved in Nazi Germany (ibid.,

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<sup>152</sup> According to the article “Almanya’da Tutun Aleyhine Cereyan,” in *Türk Tütünü*, vol. 25 (1939), 5 and 13, Hitler stated that “30 milligrams of nicotine is enough to kill a person. The nicotine in 7 cigarettes is 30 milligrams. Thus, a person who smokes 7 cigarettes in a row can die.”

<sup>153</sup> “Almanyada Tutun Aleyhine Propoganda,” *Tütün Dünyası*, vol. 27 (1939), 8.

173).<sup>154</sup> The damaging effects of smoking on health resulted in anti-smoking legislation that banned smoking in public places by those under 18 and prohibiting both tobacco advertising and smoking in public buildings (Bachinger et al. 2008, 499).

The Turkish tobacco sector seemed puzzled by the extensive anti-smoking campaign going on in Germany. At a time when tobacco consumption was more widespread than ever, the Turkish tobacco sector was having a hard time figuring out the “real reason” behind the German anti-smoking campaign that would endanger tobacco exports. Tobacco experts preferred to believe in a conspiracy theory that a decline in demand could only be a result of some people’s intentional mixing other blends with Oriental leaf. Yet, the anti-smoking campaign in Germany, as one of the first attempts in history, did not last long enough to reduce the smoking rates in the long-run. That cigarettes were one of the basic tax revenues of the government as well as people’s long-standing habit was one of the reasons for the failure to curb German smoking.

The third and the biggest problem concerning the exports of Oriental tobacco was the waging of war, which had a detrimental effect on international trade in general. When the Second World War broke out, Turkey found itself in an uneasy situation. Though it maintained its neutrality through most of the war, it increased its army from a peacetime strength of 120,000 to 1.5 million, which brought about enormous economic constraints (Zürcher 1993, 207). When a large amount of its imports and exports were cut off, it suffered very heavy economic hardship. Likewise, its tobacco trade with Germany (also the invaded countries) was halted for a while. Besides, the shipping of the tobacco to

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<sup>154</sup> Müller’s dissertation written in 1939 was the world’s first medical study showing the relationship between tobacco and lung cancer (Proctor 1999, 194).

England and France became extremely difficult. After the war, Germany would not be the major tobacco importer anymore (Ceylan 1995, 80). The instability of tobacco sales, owing to the clearing agreement, anti-smoking campaign and the war, would distress the people in the tobacco sector and lead them to look for scapegoats within the country.

### *The Jews*

When the Nazis came to power in Germany, they started to replace Jewish officers in the government. This anti-Semitic policy would also find its place in the Turkish tobacco sector. The first signs of this change began with the layoff 18 Jewish employees in one of the biggest foreign tobacco leaf companies, the Ostro-Turk (Austria-Turk) company, with a directive coming from Germany, which at the time occupied Austria.<sup>155</sup>

During the war, the new Turkish Republic invited hundreds of Jewish scholars and scientists who had fled Nazi Germany and Austria. Moreover, the Turkish diplomats in Europe were involved in all sorts of ways to assist Turkish Jews during the war (Shaw 2002, 248). In contrast to this positive image of Turkey fighting against anti-Semitism in Europe, the Jewish community in Turkey became the target of several assaults. For example, in 1934, attacks on Jewish property and Jewish families began in Thrace and the entire Jewish community was forced to flee. The Thrace incidents were part of a government plan to evacuate areas close to the border of minorities for "security" reasons but the other goal was to transfer Jewish capital to Muslims (Bali 2008).

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<sup>155</sup> *Türk Tütünü*, vol. 12 (1938), 5.

In 1938, the article “The Acts that We Cannot Tolerate” published in a Turkish tobacco journal argued that while the Jews in Europe were suffering from anti-Semitism, the ones in Turkey were enjoying the same rights with Turks.<sup>156</sup> Their having equal social and economic rights was evident from their retaining a “significant position in the Turkish economy” for centuries. It was time for the Jewish community, having held the upper hand in the economy, to give back: their rights to “work and live” in this country had to be paid back by means of their assimilation. They had to serve the interests of this country and become “like [Turks].”<sup>157</sup>

The reason for such an argument as stated in a tobacco journal was the speculation about several Jewish business, who were supposedly involved in Zionist activities. The article stated that these Jews were pursuing their individual interests, which would eventually harm the Turkish tobacco sector in general. Another accusation was about a Jewish tobacco trader working very hard to conclude trade agreements with international tobacco companies in Izmir. The unethical part of the story, according to the article, was his ambition to conclude a deal with the Germans by circumventing local companies, even before the official opening of the tobacco market. These efforts were associated with his ethnic identity, rather than his ambitious entrepreneurship.

The same article also complained about another incident concerning the trade relations of the German cigarette factory, Reemtsma,<sup>158</sup> with the Turkish tobacco

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<sup>156</sup> “Musamaha Edemeyecegimiz Hareketler,” *Türk Tütünü*, vol.14 (1938), 3-5.

<sup>157</sup> Ibid.,3.

<sup>158</sup> Reemtsma had the control of around 45 percent of all German cigarette output in 1925.

companies. After the Nazis came to power, the organizational scheme of the company was changed. The previous purchasing director of the company, who was a Jew, was fired. The new purchasing director, after visiting Turkey a couple of times, announced that the company would continue to purchase tobacco from local leaf companies. The news had a consoling impact on the tobacco sector given the pervading speculation that the Germans would change their buying policies and work with a number of international leaf companies or purchase the crop directly from farmers, instead of local leaf companies.<sup>159</sup>

When the good news that Germans would not change their purchasing system was confirmed, the Turkish companies were comforted —until the orders of Reemtsma were announced. Making transactions with the local tobacco companies was only one part of the concern. The other part was whom the Germans would trade with. In the article these concerns were clearly put forth:

Our astonishment was validated when Reemtsma company distributed its orders among local and foreign companies. We had already known the order details of the trust account, but we did not want to believe it. Because we could not deem it feasible that the big eminent national [tobacco] company of Germany, with its evident national and racist policies, especially towards the Jews, could have made agreements with companies working with Jewish capital and thus fulfill the interests of several Jewish brokers. Well, it might not be of concern to us. Anybody can make a deal with anybody, sell goods to anybody and buy goods

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<sup>159</sup> Though Turkey's export of tobacco to the United States was as high as to Germany, the issues related to Americans' purchasing of Turkish tobacco never became a big issue in the 1930s. The reason was the American tobacco companies' little connection with the local tobacco companies and concluding their transactions through the American tobacco leaf companies in Turkey. On the other hand, the fact that German companies were making deals with big and small Turkish local tobacco leaf companies always created a competitive and vibrant market. Germans' decisions to import the tobacco in its old way through local companies was highly appreciated in Turkey but also created new political and economic tensions for the Jewish businessman.



from anybody. However, we especially doubted that a German company would acquire its tobacco in Turkey from a company with Jewish backed capital. We were astonished to learn that what we had heard was true.<sup>160</sup>

Reemtsma made an agreement to buy more than half of its 6.5 million kilos of tobacco from Jewish tobacco brokers in Turkey and this seemed to be bothering several people in the tobacco sector. When German racism was evident everywhere, the dealings of Reemtsma in Turkey were simply in discord with the German “national interests”:

We could not have cared less with whom our customers are doing business. Yet, Germans’ general boycott of the Jews in their country, moreover their sensitivity and hatred to live and even walk with the Jews in the streets, their racist policies in the tobacco sector (laying off Jewish workers in German factories as well as in the Austrian monopoly) and their making transactions with local [tobacco] companies in Greece and Bulgaria, but not with the Jewish companies, show that they fulfill their national ideal everywhere forcefully. However, when it comes to our country [the fulfillment of this national ideal] does not seem necessary.<sup>161</sup>

This astonishment and criticism stemmed from the belief that the Germans were not racist enough towards the Jews in Turkey. The interests of the Turkish local tobacco leaf companies, as well as farmers, would have been promoted if Germans had been as racist as they were everywhere else. Thus, the call for the German tobacco company was a call to fulfill the ideals of Hitler and pursue anti-Semitism in Turkey as well.

According to the article, when the Reemtsma director paid a visit to Greece, he cancelled all sorts of transactions with the Jewish tobacco companies there and supplied its need from 53 local Greek companies instead. Tobacco transactions were only made with the Greek merchants. Likewise in Bulgaria, under the directives of the Nazi

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<sup>160</sup> “Musamaha Edemeyeceğimiz Hareketler,” *Türk Tütünü*, vol.14 (1938), 3-5.

<sup>161</sup> *Ibid.*, 5.

government, Reemtsma cancelled its business with Jewish companies and bought 9 million kilos of tobacco from 14 Bulgarian companies.

The article was curious why the Germans had ended up buying less tobacco from Turkey that year, and more astonishingly, mostly from the Jewish tobacco brokers. Yet, the history of the company clearly shows that Reemtsma did not always follow the Nazi ideology. Having grown rapidly during the 1920s and controlling about two-thirds of the cigarette market in Germany, the company became the target of sustained attacks by the Nazis. Violence against those selling Reemtsma products had nothing to do with health concerns or economic constraints. The company's competition with the SA's *Sturm* cigarettes,<sup>162</sup> its refusal to advertise in Nazi newspapers, and a Jewish member on the company's board made it a target of the Nazis. However, Reemtsma's very generous support for an art project of the Nazi government, estimated to amount to over 7 million Reichmark, would smooth the relations between the company and the Nazis. Though the company eventually had to collaborate with the German government, its policies, at least for a short period of time, did not complement the Nazi ideology (Proctor 1999).

Whatever the reason was, according to the article, the company's trade with the Jews was a big mistake. This fault had nothing to do with the decision of the "considerable and honorable" German buyers in collaboration with "Turkish peasants for years," but it was the fault of the Jewish brokers trying too hard to conclude deals with Germans behind the backs of Turkish merchants. By offering low prices for international buyers, the Jewish brokers' business would sink tobacco prices, eventually harming the

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<sup>162</sup> *Sturm* cigarettes were produced for SA men. Stormtroopers were strongly encouraged to smoke these cigarettes.

interests of Turkish farmers. The article was concluded with a didactic and intimidating tone:

Everybody has to know that these dealings, which are against the national interest and damaging the interests of people and especially of peasants who are the masters of the country, would be severely punished in Turkey. Everybody has to know that: in Turkey capitulations were ended in 1929. Everybody has to know that: Turkish goods cannot be exploited like the goods of colonial countries. Everybody, and especially the ones who are leading the surreptitious dealings in the Aegean region, has to know that: we would not let them fish in troubled waters.

The article seemed to receive a number of criticisms, since the next issue of the journal started with a defensive response to these letters.<sup>163</sup> Several readers were accusing the article of being anti-Semitic and hateful towards minorities. The editors, on the other hand, defended the article by referring to other newspapers, which had handled the case with the same attitude.

The tone in the article would just be a foretaste of upcoming events in Turkey. The halfheartedly expressed racist attitude against minorities would explicitly show itself in the policies of the government soon.

### *Saving and Taxing*

When the Second World War started, Turkey was struggling with the challenges of establishing a robust economy in a new country. In order to deal with the economic constraints of the war, the Minister of Trade, Nazmi Topcuoglu, made a speech on radio urging farmers to produce more. In parallel to the minister's call, the article "National

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<sup>163</sup> "Biz Ne Istiyoruz? Ne Soyluyoruz?" *Türk Tütünü*, vol.15 (1939), 3-4.

Agricultural Mobilization: Towards more Production,”<sup>164</sup> published in a tobacco journal, summoned farmers to cultivate more. It reported that France and England would be the new tobacco customers. With the inclusion of these two countries, the Turkish tobacco sector, which was highly dependent on Germans and Americans, would have more flexibility in imposing its tobacco prices. Yet, it would soon be realized that the imports of France and England were negligible, as both countries’ basic goal behind their trade promises was to isolate Germany by cutting off its economic relations with other countries. After long negotiations, for instance, the British companies ended up importing a very small amount of tobacco far below the expectations of Turkish merchants.<sup>165</sup>

During the war, the Turkish tobacco journals constantly published articles advising people to be economical. For example, the article “Dissipation is Betrayal to the National Cause”<sup>166</sup> criticized people’s asking help from the Turkish state at every chance:

We are like kids asking for help from their dad, and wanting to be sheltered by their mother. This is not a good habit for big nations. As a matter of fact, the state is the father. Government is a big compassionate wing protecting the interests of people. However, especially in times of war and emergency, it is best if we take care of our own affairs by ourselves, and let the government work on critical issues such as extricating the nation [from these difficult times].

According to the author, the state was always with the people, leading and directing them. In return, people should reciprocate “the state with their money, heart, and love.”

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<sup>164</sup> “Milli Ziraat Seferberligi: Cok Istihsale Dogru,” *Türk Tütünü*, vol. 47 (1940), 3-4.

<sup>165</sup> “İngiltere Hesabına Yapılacak Mubayaat,” *Türk Tütünü*, vol.109-110 (1943), 3; “İngiliz Mubyaatı Munasebetile,” *Türk Tütünü*, vol.111-112 (1943), 3; “İngilterenin Tutunculugumuze Karsi Durumu,” *Türk Tütünü*, vol.140 (1944), 3.

<sup>166</sup> “İsraf, Milli Davalara İhanettir,” *Türk Tütünü*, vol.117-118 (1943), 3.

Two months later, another article, "Discipline for Being Economical,"<sup>167</sup> warned the readers about the efficient usage of resources. An anecdote about a German woman recycling eggshells and used papers was shown as an exemplar for the Turkish people. Towards the end of war, in another issue, tobacco farmers were warned about the costs of squandering money. The money that farmers had earned did not only "belong to [them] but to [their] kids, household, village and country."<sup>168</sup>

Saving money, economizing and producing more were the themes of the war era. But the distribution of wealth was also a big concern. During the war, many people involved in trade made a fortune through hoarding. While the majority of the population was starving, the people who had grown rich were loathed in the press. Most often, the new rich were associated with minorities that had been involved in trade for centuries. Minorities were regarded as leaning on trade instead of working for their homeland.

The Capital Tax Law was passed in 1942 to tax the excessive profits earned by people taking advantage of the difficult wartime conditions through black market dealings, price speculating and hoarding. This was a similar practice to that implemented in other countries during the war, but the case of Turkey was outrageous. There was no fixed rate and the tax was almost entirely paid by people in big cities (notably Istanbul). Moreover, 55 percent of the total tax revenue was paid by the small non-Muslim community, "who were subjected to rates ten times higher than those of Muslims" (Zürcher 1993, 208). As stipulated by the law, non-Muslims that could not pay the tax obligation were obliged to pay off their outstanding debt by performing labor at work

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<sup>167</sup> "Tasarruf Terbiyesi," *Türk Tütünü*, vol.122 (1943), 3.

<sup>168</sup> "Mirasyedilik Zamani Degil," *Türk Tütünü*, vol.113-114 (1943), 4.

camps located in the harsh climatic conditions of eastern Anatolia. It is notable that not a single Muslim Turk was sent off to these camps (Bali 2005, 36).

The goal of the Capital Tax Law was not only to obtain government revenue but, more essentially, to replace the minority merchants with Turkish Muslims. The law aimed at creating a “Muslim Turkish bourgeoisie.” It was a radical step in the Turkification of the economy (Aktar 2003; Bali 2006). During the discussions of the law, Prime Minister Saracoglu openly put it:

This law is also a law of revolution. We now face an opportunity which can win us our economic independence. We will in this way eliminate the foreigners who control our market and give the Turkish market to the Turks (cited in Bali 2005, 55).

The “foreigners” referred to were non-Muslim Turkish citizens who had been living in the country for centuries. The arbitrary and discriminatory policies against the minorities would occupy the collective memory of those people, and a majority would have to leave the country when they realized that the Capital Tax Law would not be the last dreadful event, when the 6 and 7 September events<sup>169</sup> took place in 1955. The Capital Tax stayed in effect for sixteen months and was annulled in 1944 (Bali 2005, 37).

### *The Americans*

At the end of the war, concerns about selling tobacco accelerated, as production was doubled in less than a decade. Though the rise in tobacco cultivation became steady,

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<sup>169</sup> Large-scale riots took place in Istanbul upon rumors that Atatürk’s birthplace house had been bombed in Salonica. Thousands of people attacked non-Muslim property, including shops, houses, churches, synagogues and even cemeteries.

the trade with international buyers was not stable at all. The most committed customer was still Germany. While England imposed high import duties on tobacco, the U.S was pursuing a more aggressive strategy by blocking Turkish tobacco exports to Germany.

In July 1948, the newspapers reported that Turkish tobacco merchants who visited Germany to make an agreement returned to the country empty-handed.<sup>170</sup> The deal broke off when the Americans pressured the Germans to reduce the price and amount of imported tobacco. Germany, as the loser of the war, was economically and politically vulnerable and highly dependent on the decisions of the U.S. at the moment. The United States was reluctant to release the dollars that Germany needed to import tobacco from Turkey. The annulment of the deal between Turkey and Germany, according to the article, emanated from the American tobacco companies' desire to introduce Virginia tobacco to Germany by curbing Oriental tobacco consumption. "Strictly speaking, this is competition," said one of the authors in the tobacco journal, and "it rests upon the power [of the U.S.] and originates from its privileges rising from victory [in the war]."<sup>171</sup>

Although the new Republic had the goal of promoting capitalist development in the country, the role of the state in the economy increased due to the war and the economic crisis. By the end of the Second World War, industry was in decline with an increase in agriculture. Under the state-controlled economy, tobacco experts were unfamiliar with the American tobacco companies' aggressive marketing policies. Unable to speak a language they did not know, the experts resorted to ideological means to deter the Americans. They suggested that the aggressive economic policies of the U.S. might

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<sup>170</sup> "Tutun Ihracatimiz: Can Damarimiz," *Türk Tütünü*, vol.205 (1948), 10.

<sup>171</sup> "Tutunculugumuz ve Amerika," *Türk Tütünü*, vol.205 (1948), 10.

have led to the emergence of dangerous ideas that would facilitate the spread of communist ideology in Turkey. The “political and psychological” mistakes of the U.S. could create an environment conducive for communists and engender the rise of anti-American sentiment in the country.<sup>172</sup>

The Marshall Aid was offered to European countries in 1947 with the aim of recuperating their war-damaged economies. Along with fixing the economies in order to create strong trading partners, the U.S. also aimed at containing communism in these countries. Turkey was also included in the Aid, as an extension of the Truman Doctrine.<sup>173</sup> The Aid was mostly used in agricultural production and concentrated efforts on the achievement of its mechanization and irrigation. The mechanization project in agriculture called for the purchasing of a minimum of 5500 tractors. With the arrival of new tractors, land under cultivation dramatically increased by more than 50 percent in a decade (Pamuk 2009, 382). The use of new inputs, irrigation, agricultural machinery and fertilizers increased the amount of yields and productivity.

Though the Aid was generally well received in Turkey, tobacco experts were not particularly pleased about it. The general growth in agricultural production pertaining to the Aid did not make any positive difference in the cultivation of tobacco, a crop that does not require either tractors, irrigation or fertilizers. But this was not the real reason why the tobacco experts were disgruntled. They believed that the U.S. was actually attempting to establish its global power through the Aid under the guise of being a

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<sup>172</sup> Ibid.

<sup>173</sup> In 1947, President Truman introduced military and economic aid for both Greece and Turkey to prevent their falling under Soviet control.



benevolent western country. Referring to the American's breaking up the tobacco trade between Germany and Turkey, the tobacco experts stated their discontent:

The United States is getting ready for its world domination. On the one hand, it helps [nations] through the channel of the Marshall Plan, but on the other hand, it collects what it distributes through making all nations economically dependent, and preventing the marketing of crops and commodities of some other nations.<sup>174</sup>

Indeed, the Marshall Aid deeply harmed the interests of Oriental tobacco in a very unexpected way. After the war, tobacco shortages in Germany rose to such an extreme level that the American authorities decided to send tobacco, free of charge, to this country under the Marshall Plan. First 24,000 tons of tobacco were shipped in 1948, which would be followed by 69,000 tons in 1949 (Proctor 1999, 245). Although the net cost to the U.S. was about 70 million dollars, American tobacco companies benefited a lot from the arrangement (ibid.). It triggered the irrevocable shift in German tobacco tastes from the traditionally favored Oriental tobacco to the milder Virginia blend. On the other hand, the tobacco aid to Germany under the Plan wrecked the tobacco industry not only in Turkey but also in Greece, Rhodesia and Algeria, the countries which had met the tobacco demand of Germany for years. And the war against Virginia tobacco officially started in Turkey.

### *Virginia*

Tobacco experts' fervent struggle against Virginia tobacco actually emerged in the late 1940s and has been continuing up until today. Witnessing the effective American commercials in Turkey and elsewhere, and foreseeing Virginia blend cigarettes'

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<sup>174</sup> Ibid.

inevitable growth in the world, the tobacco experts became the ardent opponents of American cigarettes. The animosity to Virginia tobacco was so strong that even the arguments towards the possibility of its cultivation in Turkey were vehemently dismissed. In spite of the criticisms, a couple of projects to grow Virginia tobacco in the Marmara region were initiated in the late 1930s, but they were unsuccessful in achieving the desired results.<sup>175</sup>

Towards the end of the 1950s, in parallel with the proliferation of pro-American sentiments, the number of Virginia blend smokers substantially increased in Turkey. The admiration for the American cigarettes (especially by women) was ardently criticized by the experts:<sup>176</sup>

The interest in foreign cigarettes should not exceed the limits of curiosity, but it has been growing more and more. Especially several distinguished ladies' overindulgence [in those cigarettes] emphasizes the importance of the problem. We think that having the habit of [smoking foreign cigarettes] is not only the betrayal of the country, but also the consequence of [people's] ignorance and incomprehension of Turkish tobacco.<sup>177</sup>

According to the tobacco experts, Oriental leaf was far and away the best tobacco, and this was proven by the fact that the American cigarettes needed to be blended with Oriental tobacco to level their bitter and strong taste. Although Turkish tobacco garnered considerable interest and admiration in America as well as Europe, the interest in the

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<sup>175</sup> For the research studies considering the production of Virginia tobacco in Turkey, see (Akkoyunlu et al. 1939).

<sup>176</sup> I find the criticism of Turkish women smoking American cigarettes particularly interesting. According to the Turkish nationalist discourse, the women representing the "spirit" of Turkish values and culture should be isolated from the contaminated world of western products. For a detailed analysis of the centrality of gender in the making of Turkish nationalism and modernization, see (Durakbasa 2000; Gole 1991; Kandiyoti 1998).

<sup>177</sup> "Yabancı Sigara Hayranlığı," *Tütün Dünyası*, vol.3 (1959), 1 and 23.

“awful and bad quality foreign cigarettes” in Turkey was nothing but “pompousness and ostentation.”<sup>178</sup> According to the experts:<sup>179</sup>

Today, while our tobacco is everywhere and its further expansion is desired, and even the cheapest and worst quality of our tobacco is much more exquisite than the best of foreign cigarettes, why are foreign cigarettes still in demand?



Figure 11: A Cigarette Advertisement (Dogruel and Dogruel 2000)

Another attack on the American blend cigarettes was about health issues. One of the recurring issues in the Turkish tobacco journals was that Oriental tobacco had less harmful ingredients than that of Virginia.<sup>180</sup> Oriental tobacco not only included less

<sup>178</sup> Ibid.

<sup>179</sup> Ibid.

<sup>180</sup> According to a report prepared by Sadiye Enercan, “Tütün Kanseri Munasebetleri Hakkında Rapor,” *Tütün Dünyası*, vol.8 (1959), 3-6, the amounts of tar and nicotine in Turkish cigarettes are 71,8 mgr and 4,02 mgr respectively, whereas the same amounts in American blend cigarettes are 92,5 mgr and 6,93 mgr. In the light of these results, Enercan suggests that a non-filtered Turkish cigarette is healthier than a filtered

nicotine and nitrogen, but also it was grown naturally without the use of chemical pesticides and fertilizers. For the Turkish experts, low quality Virginia tobacco with unhealthy ingredients was manufactured into cigarettes after adding several chemical supplements in modern factories, whereas the high quality Oriental tobacco grew naturally and then was manufactured with almost no additives. In order to compete with the technologically manufactured Virginia tobacco, cigarette factories in Turkey had to be modernized, and tobacco experts had to be sent to foreign countries for training.<sup>181</sup> Yet, the intentions of producing cigarettes in state-of-the-art factories must not be confused with making changes in the traditional Turkish blends.<sup>182</sup>

On June 23, 1959, the state monopoly TEKEL manufactured the first filtered cigarette, *Samsun*,<sup>183</sup> in the Cibali cigarette factory in Istanbul. The experts unexpectedly showed up at the celebration meeting as uninvited guests. They were upset. They thought

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American blend cigarette. Another article by Muzaffer Suben "Dunya Tutun Sanayiindeki Buhran Karsisinda Tutunlerimiz Degeri," *Tütün Dünyası*, vol.7 (1959), 6-7, offers different figures for the amounts of tar and nicotine in Turkish and American blend cigarettes. Yet, the conclusion is the same: Turkish cigarettes contain less harmful ingredients than those of American blends. More about health concerns and Turkish tobacco see Sedat Yener, "Türkiye Asil Menseyli Tutunlerin Anavatanidir," *Tütün Dünyası*, vol. 4 (1959), 14-16.

<sup>181</sup> "Rekabete Karsi Alinacak Tedbir," *Tütün Dünyası*, vol.5 (1959), 1.

<sup>182</sup> This idea is a very good representation of nationalist thought in non-Western countries. As Chatterjee (1986) argues, nationalism has an ambiguous and paradoxical nature. While the Western experience of technological and economic development is embraced, the western culture is seemingly negated. Likewise, in Turkish nationalism, the modern technology must wholeheartedly be adopted, while the spirit of the Turkish identity and cultural values (in this case Turkish cigarettes) must be protected.

<sup>183</sup> It is a name of the city in Blacksea Region, which is famous for its aromatic Oriental tobacco.

that *Samsun* was a good quality cigarette, though the motivation behind the production of a filtered cigarette was a big mistake:<sup>184</sup>

Every smoker has to know that filters are used in cigarettes with unhealthy, low quality tobacco, which is rich in nicotine and tar. Turkish tobacco has none of these kinds of [poor] qualifications; it contains nothing that needs to be filtered. Therefore, by imitating the Americans, to manufacture filtered cigarettes is a big mistake and a contradiction. Moreover, from the perspective of our national tobacco [sector], it is a crime to name these fake products (as SAMSUN) where the world's best tobacco is grown.

To experts, the production of *Samsun*, the “fake product,” the “disgrace” of the Turkish cigarettes, had to be halted.<sup>185</sup> The problem actually stemmed from the recent invasion of filtered American cigarettes in the Turkish market. Smoking filtered cigarettes not only became a trendy habit, imitating American consumer life, but also was recognized as a way to decrease the harmful effects of tobacco.

Throughout the 1950s, the U.S. cigarette companies decided to alter their products in response to the rising concerns about the health effects of tobacco. The most popular and durable of these changes was the introduction of new filter cigarettes. Filters became “a new marketing tool” (Brandt 2007, 244) by projecting an image of safety. The U.S. cigarette industry explicitly claimed that the tar and nicotine levels of cigarettes were diminished through filters (ibid., 245). Even though the companies aggressively marketed filtered cigarettes, they refused to acknowledge that cigarettes were harmful. In a paradoxical way, they insistently claimed that there was no scientific evidence that

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<sup>184</sup> “Samsun (Filtreli Sigara),” *Tütün Dünyası*, vol.7 (1959), 1.

<sup>185</sup> In spite of tobacco experts’ “wishful thinking” that the consumption of *Samsun* was low and its production would cease soon, *Samsun* happened to be one of the longest enduring cigarette brands in Turkey, and is still being produced today due to demand from its faithful consumers.

anything needed to be filtered. The tobacco experts in Turkey also became the spokesman of this approach - but for Oriental tobacco.

According to the experts in Turkey, the Americans were using poor quality tobacco in the filtered cigarettes. Only the bad quality tobacco leaf was required to be filtered, not Turkish tobacco. Through countless comparisons between Virginia and Oriental tobacco, the experts exposed the proportions of nicotine and tar in these two tobaccos. Almost every text concluded that Oriental tobacco was harmless, and contained “nothing that needs to be filtered.” Oriental tobacco was so high in quality that its usage in American blend cigarettes made the latter smokable. Virginia tobacco, if not blended with the Oriental, was “heavy and tiresome like a greasy food,” “tasteless,” and moreover, had an “excessive smell.”<sup>186</sup> These unhealthy qualities of the American cigarettes could only be overcome when mixed with Turkish tobacco.

When the filtered cigarettes swamped the Turkish tobacco market, the market for the unfiltered cigarettes shrank. Tobacco experts were quick to state the potential dangers waiting for Oriental tobacco. According to them, filtered cigarettes, which became popular in a very short period of time, would lead to a dramatic rise in the production and consumption of inexpensive and poor quality tobacco leaf. The filter was a cover for low quality inexpensive tobacco:

Filter has created the artificial [homogenized] tobacco. The usage of [homogenized] tobacco, produced in the form of a plaque from the fractures, stems, veins and other remnants of the real tobacco, has become possible. As the filtered cigarettes' popularity in the market rose, the old meticulous manner in

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<sup>186</sup> Mazlum Isin, “Turk Tutunlerinin Amerikan Harmanlarindaki Rolleri,” *Türk Tütünü*, vol. 80 (1941), 4.

blending was reset. [...] Thus, this has destroyed the world-famous tobacco that is good in taste, quality and character.<sup>187</sup>

The filtering of Oriental tobacco would come to mean the “reduction of our good quality tobacco to the level of foreign tobacco.”<sup>188</sup> Filtered cigarettes would be the favorite of smokers who preferred to pay less and accordingly consume low-quality cigarettes.

According to the experts, a solid minority of customers, however, would not change their habits and continue to smoke high quality unfiltered cigarettes. The dichotomy between the high-quality/healthy/ unfiltered/Turkish and low-quality/unhealthy/filtered American cigarettes was set by the experts.

### *The Soviets*

Blue mold can be one of the most destructive diseases affecting tobacco.

Depending on weather conditions, growth stage and other factors, losses from blue mold can range between only slight to complete destruction of the crop in a field. Blue mold is a disease that lends itself to region-wide management. When the disease occurs in Turkey or Greece, it becomes the concern of France and Germany as well, and vice versa.

Blue mold, which had earlier inflicted serious damage on tobacco in the Balkans, reached Turkey in 1962, whereupon tobacco output dropped to 89,793 tons from 101,407 tons in 1961. To compensate the growers for the income loss, the government raised the top prices of Aegean and Marmara tobacco by 70 percent and 46 percent, respectively

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<sup>187</sup> Mehmet E. Koyluoglu, “Turk Tutunculugunun Istikbali,” *Tütün Dünyası*, vol. 5 (1959), 14.

<sup>188</sup> Sabri Alinak, “Filtreli Sigara ve Tutunlerimiz,” *Tütün Dünyası*, vol. 17 (1960), 3.

(Olgun 1991, 257).

The emergence of tobacco mold in Turkey became a controversial issue. An agricultural engineer stated his concerns about the “travel” of the disease. It had first been seen in Australia in 1891 and then in the U.S. in 1931, and was now in Europe. So the question was how the disease had found its way from the U.S. to Europe:<sup>189</sup>

The distance does not make a difference for this disease. The emergence of the disease in Europe is very recent. But where are Australia and America, and where is Europe? It means that in spite of agricultural quarantine precautions, tobacco mold can travel across not only countries, but also continents and overseas. And without using any planes or vehicles. How does [this] disease spread around?

Indeed, tobacco mold had traveled from somewhere to Turkey, without taking a plane or a vehicle in 1961, and was first seen in a town on the border with Greece. After first being diagnosed in Edirne, tobacco plants in fields were exterminated. But the following year, the disease would spread to Balıkesir, Trabzon, İzmir, Manisa, Muğla, Adıyaman and Diyarbakır, the regions located at a considerable distance from each other. In the same year, the Prime Minister explained that 90 percent of tobacco in Turkey might have been infected by the disease.

In another article,<sup>190</sup> the transfer of the disease to Europe was explained as being the result of British scientists who had brought the moldy tobacco from Australia with the aim of doing research on it in 1957. In a recriminatory tone, the article blamed the scientists for the spread of the mold all over the continent.

When in August 1962 blue mold widely infected the crops in Trabzon (a city by

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<sup>189</sup> Osman Ari, “Mavi Kuften Kurtulamayacak Miyiz?” *Tütün Dünyası*, vol.6 (1963), 9.

<sup>190</sup> “Mavi Kuf,” *Tütün Dünyası*, vol. 9 (1963), 17.



the Black Sea) and its surrounding villages, the Trabzon deputy from the Justice Party (who used to be a general before the 1960 coup d'état) wrote an article about the disease in a tobacco journal. Pointing out that Oriental tobacco was one of the highest export revenues of the country, the deputy openly accused communist countries of spreading the disease to non-communist ones.<sup>191</sup>

There is a belief that this disease, produced by the communist countries, is being transmitted to the non-communist ones. Namely, this disease, which was first seen in Canada, Italy, and Greece, and now emerged in Turkey and is rapidly spreading. Our conviction is confirmed by the fact that this disease has not been seen in Yugoslavia and Bulgaria, the two communist countries which produce the highest amount of tobacco.

The deputy went on to suggest that under normal conditions, the disease would have appeared in these two communist countries, where the humidity was higher than normal levels. At the end of the article, he called it the Turkish government's duty to save tobacco production. This disease was "just like contagious cholera, which has caused the decline of many nations and civilizations" (ibid.). The blaming of communist countries for spreading the blue mold disease was also echoed in the controversy between tobacco experts and agricultural engineers about how to combat the disease. While the former recommended the benefits of using lime on tobacco, the latter seemed dissatisfied with the "scientific" support of these claims. Engineers claimed that the suggestion to use lime dust to cope with the blue mold was misleading farmers inadvertently and creating

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<sup>191</sup> Yusuf Demirdag, "Mavi Kuf Afeti," *Tütün Dünyası*, vol. 39 (1962), 14.

distrust against government offices. To them, “outside influences” were playing a significant role in this idea.<sup>192</sup>

The scenarios about mold disease traveling to Turkey were all based upon human-centered explanations. The intentionalities of human beings were at the center of their arguments. It was either the British scientists doing their research or outside influences, like communists, who wanted to destroy the economy of Turkey by spreading the disease. Yet, it occurred to nobody that the mold might have its own agency.

The human-centered ideas not only give credit to the rationalities and programming of human beings, but also create their own “human enemies.” Throughout this chapter, I have sought to illustrate the emergence and rise of Turkish nationalism through the perspective of tobacco. In almost every case that I have discussed, when there was a decline either in the export revenues or the amount of cultivated tobacco because of wars, filters, economic downturns and diseases, there was always someone to blame in or outside of the country. Nationalism, which was on rise after the establishment of the Republic, showed and fortified itself further, when the human calculations and rationalizations did not hold true. Tobacco could not speak but the people spoke on behalf of tobacco. And it was the speech of nationalism.

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<sup>192</sup> Osman Arı and İbrahim Kepsutlu, “Tütün Mildiyosu (Mavi Kuf),” *Tütün Dünyası*, vol.11 (1963), 14.

## Conclusion

### *The Re-Making of the Market*

I have always found the writing of any paper's conclusion difficult. Especially in a study like this, in which every section discusses a different subject (law, markets, standards), saying the "last word" becomes not easy. Besides, there always exist some points that need to be better connected, arguments to be more developed, and discussions to be more theoretically elaborated. The worrisome fact that there are still books and articles that I have planned to read, or the ones I had already read but forgotten to discuss in the text, creates an uneasy feeling that "the dissertation is still not complete." However, I am trying to console myself with the belief that the incompleteness and messiness is inevitable, and even might be an opportunity to go beyond the borders of "standardized" texts.

Bearing in mind that the dissertation might be a singular opportunity to experiment with various scholarly works, I have tried to exploit all the privileges and possibilities that I have. Without a doubt, being an anthropology student at Rice University has afforded me the utmost liberty in formulating the dissertation. At Rice

anthropology, we are taught that there are neither readymade writing guidelines nor “one size fits all” kind of ethnographic styles, and we are continuously encouraged beforehand to “imagine” our fieldwork. “Imagining” has been hard, but equally engaging and stimulating. Moreover, not being confined by pre-formulated models of how to structure the thesis (such as methodology, literature review, theory and then evidence in the form of ethnographical data, etc) has been a liberating and inspiring force to look for alternative ways of writing.

My goal has been to write a dissertation unleashed from the well-known constraints held by PhD students, which I can summarize as “writing for the sake of writing.” This means that I have tried my best to abstain from the redundant citations and arguments to make it look “more scientific and recognizable.” In addition to that, I have really tried my best to challenge the cliché of so-called interdisciplinary work. In an academic world, where every study is now being labeled interdisciplinary, my goal has been to write a dissertation that would speak the language of other disciplines through anthropology. In other words, anthropology would always be there, an insider voice, rather than another component that would be added in the mixture of what is called interdisciplinary. Science and Technology Studies has helped me a lot in envisaging this kind of study. Its moldable and itinerant character has enabled me to discuss a variety of issues ranging from corruption to speculation without particularly discussing either science or technology per se. It has been the methodological tool of the dissertation.

Upon the completion of the writing, when I had done the first reading of the entire text, I could not help but wonder if the dissertation would ever be recognized as an

anthropological study at all. While Chapter One seems to be truly a political science article, Chapter Six stands out as a text written by an agricultural engineer. Furthermore, the last Chapter is clearly an historical analysis. The details and “facts” about several events that I have scattered throughout the text also give the impression that it is a journalist study. Especially the detailed analysis of corruption cases in the Turkish tobacco sector can be read as an outcome of investigative journalism. I have covered these “facts” from the field by working like a journalist, not because they have particularly interested me, but because they have constituted the key pieces of the puzzle that I have sought to unravel: how markets actually work; how different actors from the state, multinationals and the underworld engage in a complicit relationship in market transactions; how the unregulated market functions within the regulated one, and so forth. The details would not be significant unless they were theorized.

I think there has been one major criterion I strongly tried to uphold while writing the dissertation; i.e. bringing in arguments that would neither be solely about Turkey nor tobacco per se. In the last instance, to formulate the whole discussion at a theoretical level has been my goal from the beginning. At certain points the disentanglement of the entire argument from the national context and re-conceptualizing it within a theoretical framework has not been an easy task. But this attempt is what would single out anthropology from journalism. Another distinction would be the different ways of handling the issue of temporality. In anthropology the present of fieldwork has to melt down within the ethnographic text rather than remaining as the most significant feature in the case of journalism.

Though the dissertation investigates a certain period of time in a certain country, the analysis derived from the fieldwork aims to reveal the emerging political and economic transformations in developing countries. Besides, at a more abstract level, the dissertation aims to disclose a world which is intertwined with the interactions between humans (experts, farmers, policymakers, etc) and non-humans (machines, tobacco, formulas, etc.). It has the goal of unveiling a world that is very unknown to us.

The dissertation is an attempt to explain the re-making process of the tobacco market in Turkey. Its starting point is the February 2001 financial crisis, a benchmark event, after which a series of sweeping reforms have taken place to fix the collapsed economy. The tobacco law is one of the reforms aiming to bring the tobacco market in lines with the standards of western capitalist market. The goal was to create “free market economy” conditions in the tobacco market.

Nevertheless, the functioning of markets in developing countries that have been undergoing a process of adopting economic reforms from advanced capitalist markets is ambiguous and confusing. This research is an attempt to understand economic transformation in developing countries: how is western economic knowledge being circulated, recognized, and transformed into policies in developing countries? How are people, institutions, laws, policies and standards being transferred from the West to developing countries? And how do these reforms reformat, reconstruct and regulate markets? Which actors, other than states, are involved in this process, and how do they relate to each other?

The dissertation has explored three different processes in order to understand these questions:

I. The Transfer of Technocrats, Institutions and Laws: The first section of the dissertation is an attempt to understand the economic restructuring in Turkey after the financial crises of 2001. It has examined the attempts to bring the political and economic structures of Turkey into line with so-called “global standards.” It has looked at how global standards, with their accompanying laws and institutions are being imported, justified and put into practice, and explored global policymakers as the transmitters of these reforms. The transfer of technocrats (Chapter One), of the tobacco law (Chapter Two) and the regulatory agency (Chapter Three) from the West has been discussed with a goal to understand if these experts, laws and institutions have been able to constitute the desired “international standards” in national contexts.

II. The Reformatting of Markets: The second section strives to understand the ways markets work. I have sought to illustrate that there is no one single market but there are various markets that operate in different ways. Both Chapter Four and Five have analyzed how the policies that are introduced to regulate the markets have ended up with unintended consequences. The reformatting of the tobacco market with a new market device (that is contracts) has created an alternative unregulated market through a process which constantly transforms the status of tobacco from waste to commodity and vice versa. The policies to create “the market” in the sense of the western capitalist market has become a powerful apparatus for controlling the assets of some actors while generating new sources of wealth for several others.

III. The Role of Standards: The last two chapters are both on standards, though from different perspectives. Chapter Six has displayed how the grading and standardization of tobacco experts play a major role in the commodification of tobacco. The transformation of tobacco from seeds to cigarettes has been reported step by step to illustrate the ways in which a crop passes through several categories to become a commodity. As a subtle argument throughout the text, the tight connection between Turkish nationalism and tobacco is openly discussed in the last chapter. By making tobacco the central character unraveling Turkish nationalism in the late Ottoman Empire and then early Republic, I have discussed the attempts to create a uniform and homogenous nation-state with “standardized people” this time.

These are the three basic arguments thoroughly discussed in the text. The stitches that connect three different realms, namely law, markets and standards, to each other are experts. How experts (global policymakers, technocrats or tobacco experts) make their decisions and how their policies transform the world we live in remain the basic issue here. One of the significant issues that requires further exploration in the dissertation is the notion of *technicality*. Intrinsic to experts’ policies, *technicality* has clearly been replacing the old bureaucratic decision-making process, either in law-making or market formatting. The move to *technicality*, as I tried to show, does not only take place in the standardization of a crop, but also in market transactions (contract farming), in administration (regulatory agencies), and even in the law-making process (tobacco law). By creating its own black-box, *technicality* locks all the discussions about itself to into a limited circle of experts and blocks any political intervention that might come from



outside of this circle. What is left for us is to unpack the mysteries secured within the box of *technicality*.

*From Seed to Smoke*

The goal of the dissertation has been a simple one: to make the (new and old) invisible hands of the market visible. Over the course of my fieldwork, I have realized that what we usually understand from regulation is simply restricted to the intervention of state. The state, however, is only one of the actors involved in the process of formatting the economy. In order to understand how markets work, we also need to explore the role of other actors, such as farmers, technocrats, multinationals, and experts as well as non-human actors, such as tobacco, contracts, machines and formulas. The messiness of the economic realm can only be unfolded through the investigation of the network of relations among these actors.

In the introduction of *Agricultural Markets from Theory to Practice* (1999)

Barbara Harriss-White makes a brilliant comment about the studies done on markets:

In the twentieth century, exchange has triumphed over other forms of circulation. One form of exchange, market exchange, has been allowed to encircle the globe and penetrate deeply into societies. It is therefore a matter of no mean irony that so little is known about how markets work in developing countries. Discourse on markets generally proceeds on two tacks: backwards - making inferences from indicators of outcomes; or forwards - making deductions from theory. In between there is a rather small space filled by empirical research, relating with discomfort both to theoretical preoccupations and to performance outcomes, which too often have been reduced by economists to prices (1999, 1).

Following the criticism of Harriss-White, this dissertation has the purpose of filling the gap in studies done on markets in developing countries through an ethnographical approach. The impacts of economic liberalization policies in developing countries are either abstracted in the numbers of economic analyses or formulated by theoretical preoccupations. If one of the most significant aspects of this research is to explain the economic and political restructuring through the examination of human and non-human actors, the other is to fill the gap between theoretical and empirical approaches through an investigation of the real time of markets. The “surprises” of fieldwork constitute a substantial part of the thesis. For instance, I have observed that attempts to constitute “the market” in the sense of the western capitalist economies have created new opportunities for corruption in Turkey. What used to be a corrupt behavior in the past is often legitimized under the new reforms. In other words, under economic liberalization, not only the numbers, statistics, figures, laws, and standards have gone through a transformation but also the ethics of markets have been changed as well.

Another conclusion I arrived at from doing my fieldwork is that markets and states are not necessarily antagonistic to each other. State’s regulation, both in the sense of running a state-run tobacco monopoly in the past or in the new mode of contract farming today has provided a conducive environment for the functioning of the capitalist economy. In either case, the opportunities provided by the state (either the oversupply tobacco in the depots of TEKEL or legal constraints brought by contract farming) are exploited by market actors. Moreover, on several occasions, the seeming conflict between the two might turn into a complicity in the form of corruption, clientelism or even partnership held in the name of nationalism.

During the 1980s and 1990s, the economic aspect of globalization has become invisible in the studies of anthropologists. As many scholars (Edelman and Haugerud, 2004; Graeber 2002; Tsing 2000) put forth, anthropological analyses often appeared to take the premises of globalization for granted as they celebrated global flows, fragmentation, hybridity and cultural difference. With its focus on the economic aspects of globalization, and moreover, its representation on the daily life market practices, my project aims to shed light on the real-life implications of the liberalization reforms, which have usually been abstracted in macro theories.

In a similar vein, the majority of anthropological work done in Turkey has so far focused mainly on the realms of kinship, gender, and identity, and ignored the realm of economic reforms and its connection with the global economy. Furthermore, with a few valuable exceptions (Alexander 2002; Beller-Hann and Hann 2001; Caliskan 2005), the ethnographic studies done about markets in Turkey paid scant attention to the relation between individuals and commodities in general. In this respect, my research constitutes an innovative contribution to anthropology of markets and Middle Eastern Studies, and constitutes a significant departure from the too-small corpus of anthropological writings on Turkey, a rather neglected area of study for the social sciences more generally. I also bring in some of the methodology and insights of Science and Technology Studies, for this research would be incomplete without attention to how the technical and material life of the tobacco plant itself has been transformed along with the lives of farmers and tobacco experts.

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